Leveraging the Private Sector to Enable the Delivery of Well-located Affordable Housing in Cape Town

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Dissertation presented as part fulfilment of the degree of Masters of City and Regional Planning

In the School of Architecture, Planning and Geomatics

University of Cape Town

October 2015

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Acknowledgements

The researcher thankfully acknowledges the contribution of her supervisor, Professor Vanessa Watson, who has been readily available to assist throughout this dissertation, and whose supervision and advice has been invaluable. Robert McGaffin has also been instrumental in developing the researcher's interest in this topic and in providing guidance on reading and thinking in the realm of housing economics.

The funding support of the David and Elaine Potter Foundation and the National Research Foundation, without which this research would not have been possible, is gratefully acknowledged.

Special acknowledgement is also made of Antony Marks and Lance Boyd in the City of Cape Town's Spatial Planning and Urban Design Department, who have been so willing to share ideas and information, enabling an in depth understanding of the study area and the issues in Cape Town more broadly. Haleem Tambay and Karen Small at the City of Cape Town have also been very helpful in sharing GIS and Census information respectively.

The contributions of the interviewees and workshop participants; Malcolm McCarthy, Pamela Lamoreaux, Manie Annandale, Chris O'Connor, Kirsten Sloth-Nielsen, Marten Govender, Lance Del Monte, Vanessa Watson, Robert McGaffin, Francois Viruly, Amy Thompson, Marika Strauss, Mary Burton, Catherine Stone, Antony Marks, Claus Rabe, Kahmiela August, Liza Cirolia, Illana Melzer, Jessica Robey, Helen Macgregor-Rourke, Claire du Trevou, Lene Le Roux, Zama Mgwatyu, Willard Matiashe, Gavin Wiseman, Wynand Ferreira, Werner Jurgens, Peter Jones, Sarah Webb, Jacques Labuschagne, Anne Meiring, Jean-Pierre Nortier, Lesley Lombard, Rob Kane, Carola Koblitz and Wisdom Ndlovu, are much appreciated. Particular thanks are due to the workshop facilitator, Marian Goodman, as well as Stacey Moses from the University of Cape Town's Postgraduate Centre, for their valued assistance in running the workshop, and to the speakers, Antony Marks, Pamela Lamouroux, Sarah Webb, Malcolm McCarthy and Robert McGaffin for sharing their knowledge and time so readily.

Abstract

Leveraging the Private Sector to Enable the Delivery of Well-located Affordable Housing in Cape Town
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Date: October 2015

Affordable housing in Cape Town tends to be located far away from economic opportunities, social facilities and public transport infrastructure, which serves to reinforce inequality, burdening poor households and the City. This dissertation explores the current challenges in bringing well-located, affordable housing units to market in Cape Town; the opportunities for greater private sector participation; and the public interventions required in order to enable actors to overcome these challenges and capitalise on the opportunities. These issues were gradually refined from a global scale to a local area, beginning with a review of the relevant urban development and housing economics literature in order to form a theoretical framework, followed by an overview of the local housing market and national housing policy. Precedent, interviews and a workshop were then conducted with participants from the private and public sectors, NGOs and academia in order to explore the key challenges, opportunities and potential solutions in Cape Town. Finally, these challenges and opportunities were investigated and interventions proposed in a particular context, namely Parow train station precinct within the Voortrekker Road Corridor (VRC) in Cape Town.

While a comprehensive review of national housing policy and funding is required, the focus of this dissertation is on the many city-scale interventions which are possible within a short- to medium-term, which tackle inefficiencies in the market and regulatory system in order to leverage the power of the private sector towards the goal of well-located affordable housing. The findings for Cape Town indicate that the greatest challenges for developers are the limited availability of well-located land at affordable prices; lack of depreciated, higher-density buildings for redevelopment; excessive parking ratios; delays in the development process; and a lack of nuanced market demand information. Fortunately, there are many opportunities, including a capable and facilitative municipality in Cape Town; growing private sector interest in affordable housing; the power of small-scale landlords and innovative design; a shift from ownership to rental; and potential synergy between affordable housing, transit-oriented development (TOD) and urban regeneration (provided policy and public spending are aligned).

Key recommendations for public intervention, applicable both city-wide and to the Parow Study Area, are: firstly, to urgently develop programmatic (national and city scale) and area-based (precinct scale) strategies which position affordable housing (including social housing) as a catalyst for urban regeneration and TOD, and align public investment in order to incrementally densify appropriate areas; secondly, to protect and package public land for affordable housing and other public benefit uses; and thirdly, to remove obstacles to private sector provision of affordable housing by both institutional and small-scale actors (for example, by reducing parking requirements and restrictive development parameters (potentially through affordable housing overlay zones), making market data available and fast-tracking approvals). An essential institutional intervention is the creation of an inter-departmental 'affordable housing task-team' within the municipality to champion and facilitate such interventions.

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List of Acronyms

ANC	African National Congress
BEPP	Built Environment Performance Plan
BNG	Breaking New Ground
CBO	Community-Based Organisation
CCT	City of Cape Town (CCT or 'the City' refers to the municipality, whereas 'the city' refers to the municipal geographic area)
CID	City Improvement District
CRU	Community Residential Unit
CTP	Cape Town Partnership
DHS	Department of Human Settlements
ECAMP	Economic Areas Management Programme
FLISP	Finance Linked Individual Subsidy Programme
GIS	Geographic Information System
GTP	Greater Tygerberg Partnership
HDA	Housing Development Agency
HSDG	Human Settlement Development Grant
ICDG	Integrated Cities Development Grant
IDP	Integrated Development Plan
IRDP	Integrated Residential Development Plan
IS	Institutional Subsidy (for Social Housing)
IZ	Integration Zone
MFMA	Municipal Finance Management Act [No. 56 of 2003]
MSA	Municipal Systems Act [No. 32 of 2000]
MURP	Mayoral Urban Regeneration Programme
NASHO	National Association of Social Housing Organisations
NHFC	National Housing Finance Corporation
PFMA	Public Finance Management Act [No. 1 of 1999]
PT	Public Transport
RCG	Restructuring Capital Grant (for Social Housing)
RDP	Reconstruction and Development Programme
RZ	Restructuring Zone (for Social Housing)
SA	South Africa
SALGA	South African Local Government Association
SDF	Spatial Development Framework
SHA	Social Housing Act
SHI	Social Housing Institution [No. 16 of 2008]
SHP	Social Housing Programme
SHRA	Social Housing Regulatory Authority
S&IP	Strategy and Investment Plan

SRA	Special Rating Area
Stats SA	Statistics South Africa
TCT	Transport for Cape Town
TOD	Transit-Oriented Development
TRA	Temporary Relocation Area
UDZ	Urban Development Zone
UISP	Upgrading of Informal Settlements Programme
UK	United Kingdom
US	United States of America
USDG	Urban Settlement Development Grant
VRC	Voortrekker Road Corridor
VRCID	Voortrekker Road Corridor Improvement District

Chapter 1: Introduction

1.1 Introduction

This chapter briefly introduces the nature of the research problem explored in this dissertation, and the guiding values for the research, followed by an outline of how the remaining chapters unfold.

1.2 Well-located Affordable Housing: The Problem (and Opportunity)

Access to decent, affordable housing is so fundamental to the health and well-being of people and the smooth functioning of urban economies that it is imbedded in the United Nations Universal Declaration of Human Rights; yet an estimated 330 million urban households around the world live in substandard housing or are so financially stretched by housing costs that they forgo other basic needs, such as food, health care, and schooling (MGI 2014). Good location of affordable housing enables social and economic inclusion by improving access to urban opportunities for lower-income households, and it reduces the costs of transport and infrastructure provision, thereby boosting the city's productivity and creating a more financially, environmentally and socially sustainable city (Aucamp and Moodley 2002; Venter et al 2004; Turok 2009; Harrison and Todes 2014; MGI 2014).

In Cape Town, the housing problem is multi-dimensional and complex, but it generally has three defining features: firstly, there is a significant backlog in the supply of affordable units; secondly, houses are often built at densities that are too low to create the necessary thresholds to support city functions such as public transport; and lastly, many settlements are poorly located in terms of access to economic opportunities and social facilities (Massyn et al 2015: 1). The glaring polarisation between the areas of wealth and economic opportunity and the overcrowded and underserviced areas where the majority of the population lives, serves to reinforce inequality, burdening poor households and the city (Turok 2001; Turok and Watson 2001; Urban LandMark 2011a; Harrison and Todes 2014). Money and time spent commuting are directed away from productive uses, such as economic activity, education, and community involvement, reducing socio-economic mobility and increasing dependency on the state (Turok and Watson 2001; Venter et al 2004; NASHO and HDA 2013).

These features are common to many South African cities but tend to be more acute in Cape Town, where the cost of well-located land is particularly expensive (Massyn et al 2015). An important root of the problem is apartheid spatial planning, which promoted a racially segregated, unequal and sprawling city (Turok 2001; Turok and Watson 2001; Harrison and Todes 2014). Rather than resolving these issues, the current state-led housing programme has tended to exacerbate them due to the restrictive design of subsidies, which makes it extremely difficult to provide high-density affordable housing in good locations (Turok and Watson 2001; Tissington 2011; NASHO and HDA 2013; McGaffin et al 2015). The situation is further aggravated by private development patterns, which reinforce fragmentation and exclusion by following a predominantly low density, suburban, car-dominated trajectory (Marks and Bezzoli 2000; Turok and Watson 2001; Turok 2010; Cirolia 2014; Massyn et al 2015).

In addition to perpetuating an inequitable and environmentally unsustainable urban form, current models of state housing provision are financially unsustainable and are failing to meet the scale, pace and quality required (Turok 2001 and 2009; Massyn et al 2015). In Cape Town, approximately 335,000 low income households are currently living in sub-optimal housing circumstances, and it is estimated that this will grow by a further 320,000 by 2032 (Shisaka 2014). The primary national housing subsidy focuses on those earning less than R3,500 per month, while an income of approximately R15,000 per month is required to buy a house in the private sector, creating a "gap" in the market (Urban LandMark 2011b). It is estimated that over 70% of South Africans can only afford to buy houses in the affordable market (less than R500,000), yet there is a significant shortage of this stock (Nell et al 2004; ALHDC 2010). In addition, there is very limited supply of adequate, affordable rental housing in South Africa, reducing the choice and mobility available to low income households (CAHF 2012; McGaffin et al 2015).

Given the scale of the need and the problems with state delivery, the affordable housing market represents a significant overlooked opportunity for private developers, investors, and financiers[1], both globally (see Berry et al 2006; Karamchandani et al 2010; Agarwal et al 2013; MGI 2014) and in South Africa (see ALHDC 2010; CAHF 2012; Dawson and McLaren 2014). Institutional investment[2] has traditionally focussed on commercial property (particularly in South Africa), but the marked imbalance between supply and demand, rapidly growing urban populations, and the fact that people will always need a place to live, regardless of the macro-economic environment, means that residential property offers excellent investment fundamentals, such as diversification, defensiveness and lower volatility (Addleshaw Goddard 2015). Particularly in Africa's crowded and rapidly growing cities, the residential opportunity is obvious, provided actors engage with the reality of affordability and target the low-income market, where the bulk of the population lives (CAHF 2013).

Accordingly, the power of the private sector should be harnessed to leverage state resources and extend the reach and impact of the state in addressing the affordable housing challenge (Urban LandMark 2011d). Clearly, there is an urgent need for stronger partnerships between the public and private sectors (NASHO and HDA 2013) and more sophisticated and targeted public interventions in the market (Massyn et al 2015), so that, together, improved delivery of well-located affordable housing can be achieved. This will require a sound understanding of housing markets, urban economics, the drivers of development processes and the potential levers for public intervention (McGaffin 2014), in order to effectively address the constraints undermining the provision of such housing (Massyn et al 2015). Only then can the benefits of the private sector, such as efficiency, flexibility, scale, pace and variety, be leveraged towards the public goal of equitable access to quality, well-located, affordable housing (Adams and Tiesdell 2010; Bertaud 2014a).

[1] In this dissertation, the 'private sector' includes a broad scope of actors, including traditional profit-motivated actors, as well as non-profit organisations, employers, small-scale landlords, communities, households and individuals.

[2] See Fields and Uffer (2014) for a discussion on the caveats surrounding Institutional investment in affordable housing and the potentially de-stabilising effects of 'financialisation' of housing into tradable commodities.

This dissertation addresses a supply-side research gap specifically identified by the Financial and Fiscal Commission (FFC 2012 and 2013), the Housing Development Agency (NASHO and HDA 2013), Massyn et al (2015) and others, namely "in understanding what exactly is constraining private involvement... and in developing effective intervention strategies to fully involve the private sector and individual households in the delivery of housing" (FFC 2012: 31). Given the fundamental importance of good location, discussed above, these issues are explored with an explicit focus on *well-located* affordable housing.

1.3 Guiding Values

This dissertation emanates from the position that a fundamental role for planning is enabling equitable and sustainable access to socio-economic opportunities, in support of enhanced wellbeing for all. A critical element is expanded provision of quality, well-located, affordable housing, offering households a choice of location, design, tenure, and so on. It is recognised that unregulated capitalist markets do not produce socially optimal outcomes (for example, under-provision of public goods such as affordable housing), but the state is not an efficient delivery agent. Therefore, appropriate partnerships and market interventions are required in order to leverage the power and reach of the private sector towards public goals, such as well-located affordable housing.

1.4 The Format of this Dissertation

The next chapter sets out the research questions and method which guide the investigation of the above research problem throughout the remainder of this dissertation. Chapter 3 then provides an overview of the relevant housing economics and city planning literature, followed by a discussion of the local housing market and national housing policy and legislative context in Chapter 4. The next two chapters present implications for well-located affordable housing in Cape Town drawn from case studies, interviews and a workshop. Then, Chapter 7 analyses a particular local area within Cape Town, following which recommendations for planning interventions to support affordable housing in this area are proposed in Chapter 8. Finally, overall conclusions are drawn.

Chapter 2: Research Method

2.1 Introduction

The purpose of this chapter is to provide an overview of the research undertaken for this dissertation. Based on the research problem outlined in the previous chapter, this chapter begins by setting out the research questions and purpose. Thereafter, the research methods and techniques are described, and the strengths and limitations of the method are examined. Finally, the overall limitations of the research are discussed.

2.2 Research Questions

The research questions addressed by this dissertation are:

1. What are the current challenges in bringing well-located, affordable housing units to market in Cape Town?
2. What are the current opportunities for private sector participation in this form of housing?
3. What public interventions are required in order to enable actors to overcome these challenges and capitalise on the opportunities?

2.3 Research Purpose

The primary aim of the research is to assist in the development of appropriate planning interventions to enable greater access to well-located affordable housing in Cape Town, to support the transition to a more equitable and sustainable city. According to Terre Blanche et al (2006), the purpose of a study can be divided into the object of study and the type of study. The object includes the unit of analysis and the variables studied, while the type includes categorisation according to three different classifications: qualitative or quantitative; basic (theoretical) or applied (action-oriented); and exploratory, descriptive or explanatory. Applying that framework to this dissertation, the variables of interest are the factors which hinder or enable delivery of well-located affordable housing, and the unit of analysis is both the city (Cape Town) and the sub-case of a local area (in Parow), at the present time. The type of study is qualitative, applied, and both descriptive and explanatory (the first two research questions deal with 'what is', while the third question considers 'how' to intervene, in other words, the operational links between actors and events over time. The latter is common for planning research, see Duminy et al 2014).

2.4 Research Method and Techniques

2.4.1 Description of the Research Method and Techniques

The overall approach to this dissertation is that the challenges, opportunities and possible solutions are gradually refined from a global scale to a local area (in Parow, Cape Town), with various research techniques used to contribute towards this single-case study. The research begins with a review of the international literature pertaining to affordable housing markets and urban development dynamics, resulting in the identification and basic understanding of a broad range of challenges and planning interventions, based on international theory and practice. The literature was sourced by initially searching online journal databases using key words related to "well-located", "inner city", "private sector", "affordable", "low-income" and "housing". Relevant journals and authors were then identified and searched further, as well as key textbooks on housing economics which are commonly referenced. Where the literature specifically discusses South Africa or Cape Town, these points are emphasised, since the aim of the research is to identify appropriate interventions which address the specific challenges and opportunities in Cape Town. Further understanding of the current national and local context was then gained through an overview of local housing market conditions (supply and demand side issues) and the national policy and legislative framework which aims to address, but in fact also feeds into, these issues. This information was sourced from literature, legislation and policy documents.

To ground the research and elucidate further contextual detail, a high-level comparative case study was then conducted to investigate the attributes of four relatively successful, well-located affordable housing projects in South Africa, and any challenges that they faced. All four projects are fairly recent (post-apartheid) developments, but they were specifically selected to provide a broad range of scale, urban context, product, delivery, type of developer and lessons for future public intervention. Information was sourced through documentation in all cases, and in three cases, also through site visits (observation) and discussions (semi-structured interviews) with the developers. The site visits took place on 16 September 2014 at Steen Villa, Cape Town with Marten Govender (SOHCO), on 17 July 2015 at 106 Adderley, Cape Town with representatives of Eurocape, and on 12 August 2015 at Walmer Link, Port Elizabeth with Lance Del Monte (Metroplan PE and The Home Market).

The selection of the cases was informed, and the information gathered supplemented, by numerous informal discussions and semi-structured interviews with academics and professionals who have knowledge in the fields of city planning, property economics and housing (see Annexure B for a list of interviewees). Interviews and site visits which took place after the research design was constructed (May 2015) were guided by the questions in Annexure C. In addition, a one-day workshop was conducted on 21 August 2015 at the University of Cape Town with participants from the public and private sectors, NGOs and academia in order to jointly investigate the key challenges, opportunities and potential solutions in Cape Town (see Annexures B and D for the list of participants and programme). Participants were invited from other South African cities (particularly so that barriers which have caused actors to avoid Cape Town could be identified), but those who attended are predominantly based in Cape Town.

However, many participants have experience in other areas of South Africa, and the cases investigated provide some insight from other South African cities.

The workshop was a requirement of the David and Elaine Potter Foundation, who provided funding for this research. Rather than presenting the findings, the workshop was used as a data gathering tool, which was even more valuable than one-on-one interviews for the following reasons:

- It was time-saving for the researcher;
- It enabled interaction and feedback between participants to share and debate ideas (and thus consider other actors, relationships, and the system as a whole);
- This interaction allowed participants an opportunity to learn and benefit from the experience, thereby providing an incentive for participants to share openly and truthfully; and
- The whole day format, compared to an hour-long interview, allowed for development in thinking over time (and thus the possibility for greater detail and nuance of outcomes).

In all of the above data collection activities, the researcher took detailed written notes rather than audio recordings. This was for two main reasons: firstly, to enable extra details and thoughts of the researcher to be captured along with responses, and secondly, (given very limited time and resources) to avoid the extra time required, technical hassles and potential errors in transcription that may result when using recordings. Attention was paid to maintain a conversational atmosphere with interviewees while taking notes. The findings from the cases, interviews and workshop were then drawn together and analysed under the categories of challenges and solutions identified in the literature review, with a section in between dedicated to opportunities for innovative approaches and greater private sector participation. While the literature review aimed to explore a wide variety of potential challenges and solutions and how these impede or enable affordable housing development, the empirical research identifies those that are most critical in the context of Cape Town and South Africa (while Cape Town is the focus of the research questions, certain issues apply nationally and/or require intervention at the national scale). At this stage, these fairly broad findings may be useful to actors at the city and/or national level.

Due to the applied nature of the research, a further step was then taken to enable greater spatial and temporal focus. A particular local area in Parow, Cape Town was analysed in order to demonstrate specific challenges and opportunities and elucidate particular interventions which are appropriate in this place, at this time. The study area falls within the well-located Voortrekker Road Corridor (VRC), and was selected based on input from Tony Marks and Lance Boyd in the City of Cape Town's ('the City') Spatial Planning and Urban Design ('SPUD') Department, who are specifically targeting greater private sector involvement in affordable housing and urban regeneration in key areas of the VRC. The study area exhibits many of the preconditions necessary for successful affordable housing, and it provides a concrete example of an area in which the City would like to facilitate greater private sector provision of affordable housing, but is not yet certain of the interventions that would best support this. The outcomes of this section are therefore directly applicable to City officials and to other current or potential actors within this area. Data for the site analysis was gathered through observation, interviews, documentation, Google Maps and Street View, and Geographic Information System (GIS) data provided by the City.

While the research process incrementally stepped down in scale and roughly followed a linear process, many steps were iterative in nature, for example, the interviews, cases and site analysis frequently prompted further reading, and the workshop informed follow-up interviews with certain participants. Both methodological triangulation (use of more than one method) and data triangulation (multiple data sources) are used in this dissertation, which supports validity and reliability, and is thus widely recognised as a powerful research tool (Yin 1994; Fellows and Lui 1997; Flyvbjerg 2006; Lauria and Wagner 2006).

2.4.2 Strengths and Limitations of the Case Study Research Method

Yin (1994: 9) explains that the case study method is most appropriate to uncover contextual conditions which are believed to be pertinent to the phenomenon of study; a task which is well-suited to the objectives of this dissertation. Case studies seek to understand actors and actions within their real-life contexts, which is particularly important in planning research (Duminy et al 2014). While the comparative case study approach, which seeks knowledge of each case as well as the cases as a whole, can often provide more compelling evidence than a single case and is best suited to identifying the factors that generate a particular outcome (Flyvbjerg 2006; Lauria and Wagner 2006), it was not possible in this dissertation to analyse and apply findings to more than one site, due to time and resource constraints.

Common misconceptions about the limitations of the case study method are convincingly refuted by Flyvbjerg (2006) and Duminy et al (2014), who emphasise the value of context-dependent knowledge and experience in the development of a nuanced view of reality, especially for the purposes of understanding and intervening in complex environments and processes. The common criticism that the case study and other qualitative methods are particularly vulnerable to subjectivity bias is useful in that it sensitizes us to an important issue, but Flyvbjerg (2006) explains that the question of subjectivism applies to all methods and that the case study, in fact, has a greater bias toward falsification than verification.

Regarding generalisation of case study results, which is often cited as a weakness of the case study method, many authors (including Yin 1994; Flyvbjerg 2006; Duminy et al 2014) support the notion that context-specific findings may still be transferable, in that they assist in understanding other similar contexts and the findings may be tested in other contexts. Since qualitative research is typically more concerned with depth and nuance of information than breadth or statistical accuracy, the researcher generally does not need to draw on large or random samples, but rather focuses on purposeful (non-random) sampling of information-rich cases and interviewees (Naoum, 1998; Flyvbjerg 2006; Terre Blanche et al 2006). To contribute to useful theoretical or policy propositions, the selected case must maximise potential for learning (Duminy et al 2014). The Parow study area was selected as a paradigmatic case, with the intention to generate findings that could be tested in other local areas, particularly train station precincts, within the VRC. Application to other transport corridors in the global south with potential for significant regeneration and densification may be possible. However, the reader would need to use the detailed contextual analysis to evaluate applicability to other contexts.

2.5 Limitations of the Research

Aside from the general limitations of the case study research method, the combined research process has a number of limitations, discussed here. A crucial limiting factor was the time constraint (full-time research began on 25 May 2015 and the dissertation was handed in on 23 October 2015), particularly to tackle such a complex, multi-faceted issue, at both the theoretical level and application to a site. Direct observation of the study area was limited by both time and safety. The initial research concept envisaged a further step in the intervention proposals by testing the financial feasibility of key proposed housing projects within the study area, and testing the sensitivity to specific interventions in order to identify those that would be most effective and the parameters to ensure optimum impact. Such a study could be carried out in future, perhaps through partnerships between the City and affordable housing developers.

This research focuses on the supply side of the housing market. Equally important is understanding demand, in other words, the type, size, quality, tenure and location of housing units demanded by different types of households (see Balchin et al 1995; O'Sullivan 2000; Harvey and Jowsey 2004). In Cape Town, demand is very poorly understood and requires significant further research, so that supply can be matched to demand (CAHF 2014). However, this is outside the scope of this dissertation. A benefit of not involving low-income households is that potential political and ethical complications were avoided. On the other hand, when considering actual projects for implementation, it would be unethical not to engage the full range of potential stakeholders, including potential users of housing and public spaces.

Though the literature review covers broad ideas from cities worldwide, only recent South African projects were used to gather data, to avoid issues related to varying contextual factors which could complicate comparison or weaken applicability to the study area. However, deeper understanding of the local market came at the expense of international solutions being investigated at the project level of detail.

A limitation of the workshop as a data gathering tool is that practical solutions and actions are difficult to crystalize with a disparate group of participants (that comes together for one day but then disperses again). To overcome this, the next steps could include area-based 'action-oriented' teams who would work together on implementing solutions, with capacity and accountability to act. Given limited time and resources, it was considered impractical to attempt to capture all discussion through audio recording and then review these afterwards. The findings of the workshop are thus captured from the researcher's perspective only, based on only those discussions which were observed and reported by participants to the researcher. These findings are therefore limited in scope and subject to bias, and it is highly likely that some important discussions were missed. Nevertheless, the discussions and connections between participants may have positive outcomes beyond the written product of this dissertation.

Finally, the researcher is not a housing policy or finance expert, so this dissertation does not attempt a full review of the national housing subsidy programmes. While aspects of the current housing policy and legislative framework which cause particular impediments to well-located housing and private sector participation are discussed, the focus of this dissertation is primarily on interventions at the scale of the city and precinct, which can be influenced by municipalities within a short- to medium-term timeframe.

2.6 Conclusion

This chapter has outlined the research questions, purpose and methods which guide the unfolding of the following chapters, and the limitations of the research. The next chapter begins the exploration of the research questions through a review of the literature pertinent to this topic.

Chapter 3: Literature Review

3.1 Introduction

Drawing on international literature, the following sections provide a brief overview of housing markets and urban development dynamics, followed by an exploration of the challenges in bringing well-located affordable housing units to market. Based on the framework of development drivers and constraints, potential solutions are then explored. This provides the theoretical basis for the empirical work conducted in the remainder of the dissertation.

3.2 The Housing Market and Affordability

The continuous evolution of the built environment is a complex phenomenon driven by forces of supply and demand (Krause 2015). To understand any market, including the market for housing, McGaffin (2014) advises that the following elements need to be considered:

Supply: The characteristics of the product (in this case, housing units)
The characteristics of the producers of the product (in this case, housing developers)
Demand: The characteristics of the consumers of the product (in this case, households)

Demand for housing (the type, size, quality, tenure and location of housing units demanded by different types of households) is determined by *affordability* and *preferences*, which are influenced by factors (known as the drivers of demand) such as household income and expenses; demographics; the price of housing; the cost and availability of credit; consumer and investor preferences and expectations; and the price of substitutes and complements (UN Habitat 2010; McGaffin 2014). An important distinction is that between *effective demand* (those who are willing and able to pay for available housing) and *social demand* (those who need government assistance to access housing) (UN Habitat 2010).

The definition of 'affordable housing' varies across the world, but generally it includes a financial component (the share of income devoted to housing) and a standard for what constitutes minimum socially acceptable housing (MGI 2014). Globally, 'affordability' is typically defined as housing for which a household spends no more than 25 to 30% of its income, either through rent or home loan payments (McClure 2005; FCC 2013). However, other household expenses, such as the amount spent on transport, are important in determining the amount available to spend on housing. This highlights the importance of well-located housing, particularly in the affordable segment, as savings on transport can increase effective housing demand (Massyn et al 2015). In South Africa, the affordable housing market is commonly defined as households earning less than approximately R15,000 per month and houses with a value of less than R500,000 (ALHDC 2010). From a producer or policy perspective, 'affordable housing' usually covers any forms of government-assisted or privately provided housing that specifically target households 'at risk' or unable to compete successfully in their local housing market to attain and pay for housing without experiencing undue financial hardship (Milligan 2005; Berry et al 2006).

What constitutes 'adequate housing' is more difficult to define. It is intrinsically tied to issues of human rights and concerns much more than just shelter from the elements, but a composite package of attributes (Galster 1996), including access to socio-economic goods and amenities (Dawson and McLaren 2014). It should accommodate a range of types, sizes, tenure options, and access to appropriate public transport, social facilities and employment, taking into account the needs of particular communities and households (MGI 2014). Location is a key consideration in determining access, household welfare, housing market value, and housing quality or adequacy (Galster 1996; Dawson and McLaren 2014). The ingredients of locational attractiveness, however, typically lie beyond the control of the owner and/or occupier of a housing unit, so the urban housing market is significantly affected by neighbourhood externalities (Galster 1996).

The definition of 'well-located land' is similarly not absolute nor static, and is not necessarily analogous to 'central'. Venter et al (2004) argue that simplistic dichotomies such as 'central' and 'peripheral' are not useful in the context of growing, multi-nodal South African cities, as the suitability of individual parcels for housing changes over time, depends on local-area factors as well as location within the metropolis, and is impacted by different household preferences and cost structures and proximity to different types of amenities and employment. Projects must be built where residents can reach jobs in reasonable commuting times, families have access to schools and services, and people can connect with the society around them (MGI 2014). Globally, an acceptable commute time is commonly defined as less than one hour (Karamchandani et al 2010; Agarwal et al 2013; MGI 2014), but this needs to be drastically reduced in order to realise the benefits of a more compact, integrated, people-centric city.

Housing is a special type of commodity, and it therefore creates a special kind of market, due to characteristics such as spatial immobility, structural durability (hence dominance of existing stock), high cost, and heterogeneity (Balchin et al 1995; Galster 1996; O'Sullivan 2000; Harvey and Jowsey 2004). Given these features, it is useful to think of the housing market as a set of distinct but interrelated submarkets (Grigsby 1963; Galster 1996). Houses within a particular submarket are viewed as more or less perfect substitutes by the households demanding them (McGaffin 2014). The 'filtering model' explains the interaction between the different submarkets and the process through which used housing passes from one type of household to another, and households with increasing incomes climb the 'property ladder' of progressively higher quality properties (Grigsby 1963; Galster 1996; O'Sullivan 2000).

The existence of housing submarkets and filtering have important implications for housing policy, namely:

- The impacts of policies targeted at a particular submarket will not be contained, but will spread to near-quality submarkets;
- Policies intended to improve living conditions in the lowest quality submarkets need not necessarily target their initial impacts on these submarkets in order to affect them; and
- Long term impacts of policies are likely to differ significantly from short term impacts, as private suppliers of housing respond to changing rates of return across submarkets (Galster 1996 and 1997).

The price of a commodity depends on the interaction of supply and demand. All else being equal, an increase in demand will increase prices, while an increase in supply will decrease prices (DiPasquale and

Wheaton 2002). This simple economic dynamic points to the importance of expanding supply in order to improve affordability (Harvey and Jowsey 2004), which is the focus of this dissertation. The next section will explore the supply side of the housing market by examining the housing delivery chain, and the urban development dynamics which drive the supply of housing.

3.3 Urban Development Dynamics and the Supply of Housing

The built environment is the emergent result of interactions among many different actors all with varying interests and priorities, acting across a multiplicity of scales and timeframes (Guy and Henneberry 2002; Adams and Tiesdell 2010). All participants are more likely to achieve their objectives if they understand how development processes work, who the other players are, and how their objectives are interwoven (Miles et al 2000). The next sections briefly examine the drivers of urban development, both formal and informal, to form a conceptual framework for understanding the challenges and opportunities in the provision of well-located affordable housing.

3.3.1 The Formal Property Development System

The driving force of the formal property development industry is the trade-off between risk and return. The goals of private sector participants are to minimize risk while maximizing personal and/or institutional objectives – usually profit, but often non-monetary objectives as well (Miles et al 2000: 3). According to economic logic, a development will only proceed if the estimated market value of the completed project exceeds the estimated development costs, including profit if required (McGaffin 2014; Massyn et al 2015). The profit required by a developer to compensate for the time, effort and risk involved will depend on many factors such as the type of developer, the size of the scheme (larger projects allow for economies of scale), the length of the development period (longer periods are higher risk), the security of the projected income stream, and the 'opportunity cost' or potential return on alternative investments (Guy and Henneberry 2002). Both developers and their financiers use nearby market activity to gauge the potential success of a proposed project, creating significant 'priming effects' (Krause 2015).

Given the indivisibility and high cost of property, finance plays a crucial role in the development process, so development is fundamentally shaped by the sources of capital available (CAHF 2014; ULI 2014). Capital adapts to changing global and local market conditions by shifting to different places (spatial adaptation) and/or market sectors (sectoral adaptation), so policy interventions must consider investment incentives and disincentives relative to other areas and sectors (Fields and Uffer 2014). The heavy leverage of property development projects, combined with the cyclical and volatile nature of the property market, increases the potential for high returns to equity, but also magnifies the risk of loss (Miles et al 2000; Guy and Henneberry 2002). Thus, timing is critical, and partnerships that appropriately distribute risk and return are key to enabling development (Guy and Henneberry 2002). Given the higher uncertainty and thus risk of longer term horizons, many developers have a short-term view, but certain developers/investors may be willing to accept slightly lower profit margins, provided they achieve an acceptable return over the longer-term holding period (Miles et al 2000; Guy and Henneberry 2002).

Therefore, design decisions which determine lifecycle operating costs, and effective property management, should not be overlooked (Miles et al 2000).

Developers, "the key coordinator and catalyst for development" (Healey 1991: 224) can take many forms, including individual entrepreneurs, private investors, institutions, corporations, and municipalities. Though layered by various institutional and contextual complexities, the development process remains essentially the same (Miles et al 2000). Figure 3.1 illustrates the housing delivery chain, and potential finance instruments at each stage, using an event-sequence model (Healey 1991). While a flow chart disguises the complex, creative and non-linear nature of the process, and the constant re-evaluation and renegotiation that occurs (Miles et al 2000), it is helpful to understand the key steps involved.

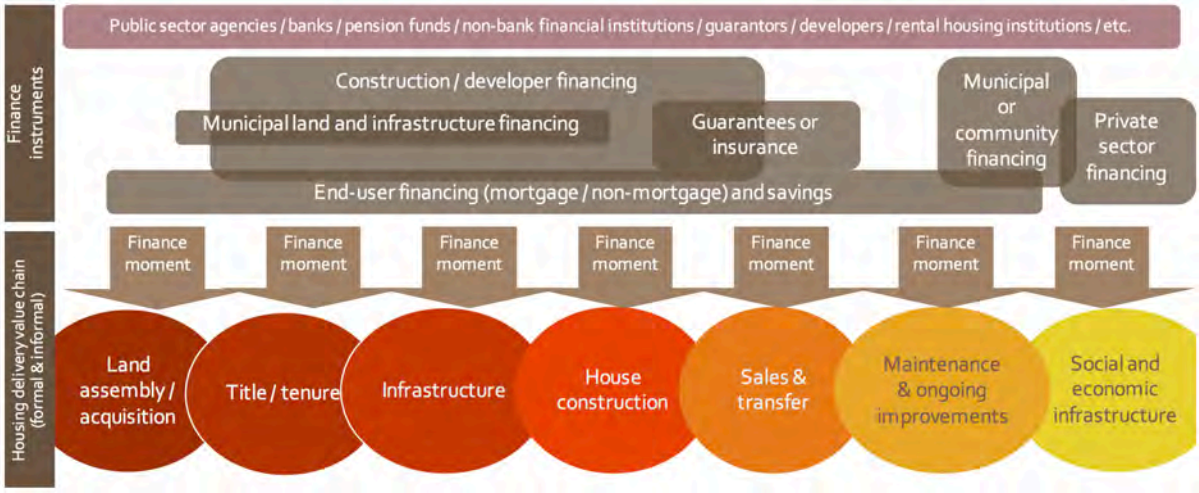


Figure 3.1: The Housing Delivery Chain and Finance Instruments (CAHF 2014: 10)

Another way of conceptualising the development system is from a relational or systems theory perspective. Guy and Henneberry (2002) suggest that the development process should be viewed as a complex adaptive system in which development and developers, as process and agent, are interdependent, and exist within a wider economic and politico-cultural context. They argue that relationships, interactions and feedback processes influence behaviour dynamics over time, and thus the whole system must be understood, not individual parts in isolation. Drawing from Guy and Henneberry's (2002) systems approach and DiPasquale and Wheaton's (1992) 'Four Quadrant Model' of the property market, McGaffin (2014) provides a conceptual framework of the development system illustrated in Figure 3.2 below. Very briefly, this explains that wider economic dynamics and user location requirements create a demand for space, which fuels the capital, development and land submarkets, together resulting in the built environment, which then feeds back into the economic system. This conceptualisation is helpful in that potential levers for public intervention can be identified within each of the 'sub-systems', as considered in later sections.

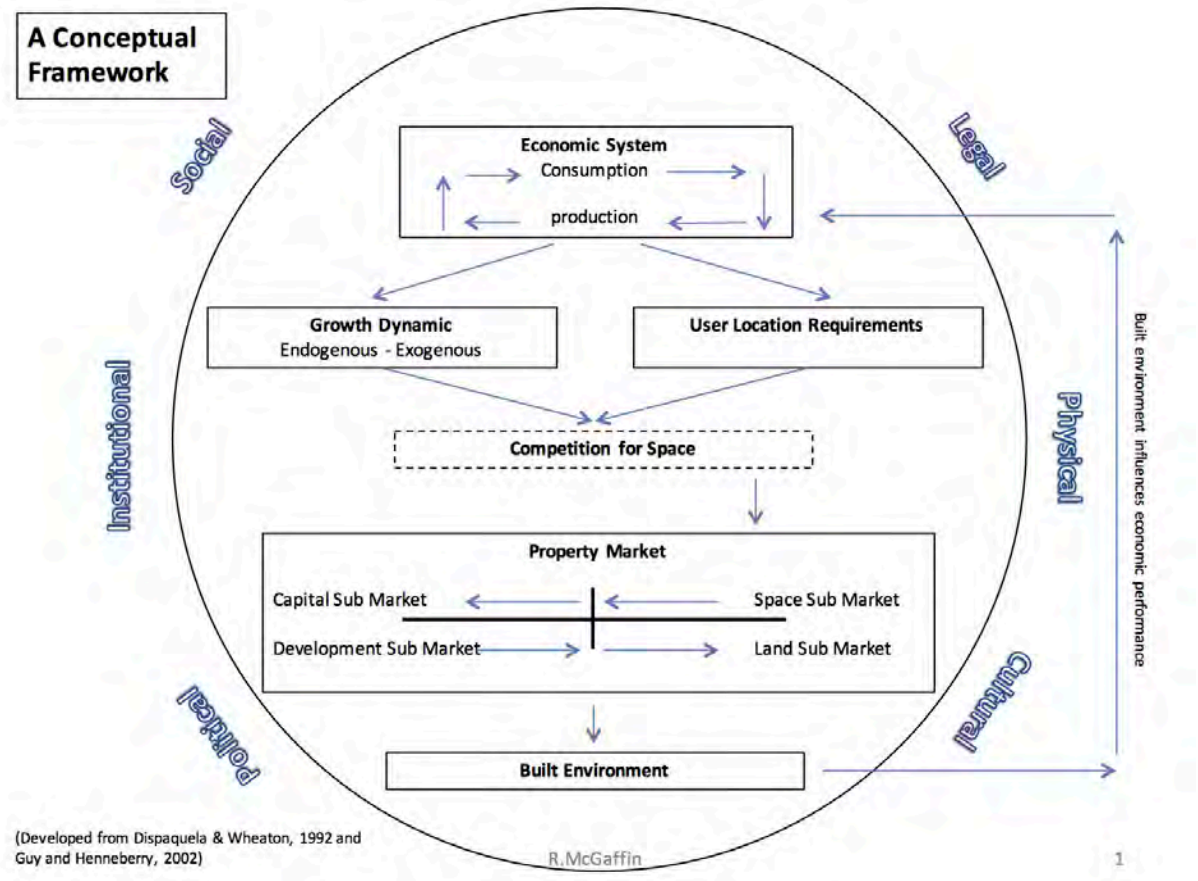


Figure 3.2: A Conceptual Framework of the Property Development System (McGaffin 2014: 5)

3.3.2 Informal Land and Housing Markets

The property development system described above is fundamentally a result of the capitalist economy of which it is part. While the capitalist market mechanism is able to handle complexity to efficiently allocate resources and facilitate exchange, it has intrinsic shortcomings, known as market failures (Adams and Tiesdell 2010). The market is unable to deal with social costs or benefits which are not translated into private costs or benefits, known as externalities, and thus the capitalist system tends to under-provide public goods, such as public space, public facilities and affordable housing (Marks and Bezzoli 2000; Adams and Tiesdell 2010; Adams et al 2012). When affordability is below the level that offers a competitive return and an acceptable risk (Urban LandMark 2011d), the market ceases to operate, thus excluding actors with low levels of wealth or effective demand, privileging the rich over the poor and "begging the question: efficiency for whom?" (Adams and Tiesdell 2010: 190).

These exclusionary forces are particularly apparent in land and property markets, which exhibit widespread failures, information asymmetries and high barriers to entry, due to the particular characteristics of land and property (Adams et al 2012). This phenomenon of exclusion from formal markets feeds burgeoning informal economies and informal land markets as strategies for the poor to gain a foothold in the city and thereby access urban opportunities (Berrisford 2008; Harrison and Todes

2014). In South Africa, those accessing land outside the formal market grew by 26% between 1996 and 2006 to 1.84 million people (Urban LandMark 2011c). Channels for informal land access include illegal occupation of vacant land or buildings, informal settlements, and backyard rentals (Urban LandMark 2010; Urban LandMark 2011c).

Whereas the formal market is driven by a purely economic logic, the informal land market is driven by a social logic, with social networks and community management playing a more important role than price and legal systems (Nell et al 2004; Watson 2006; Urban LandMark 2010; Urban LandMark 2011c). While informality is not a prerequisite for affordability, many affordable housing markets, particularly in the global south, include social and informal characteristics, blurring the distinction between formal and informal. For example, in Du Noon, Cape Town, McGaffin et al (2015) find that developers of affordable housing may be driven primarily by the need to accommodate family members rather than financial gain, often rely on trusted local contractors (and some self-build) for construction and stokvels (rotating community savings funds) for finance, and generally do not pursue building plan approval.

The greater flexibility, efficiency and affordability of informal property markets usually enables quicker, easier and cheaper access to housing than formal private or state channels (Napier and Ntobmela 2006; Harrison and Todes 2014). However, the price of this flexibility can be lack of tenure security, poor access to services and unsafe living conditions (Urban LandMark 2010). Consequently, Robinson et al (2004) argue that a key priority for governments in developing countries is to assist in the formalisation of informal housing and infrastructure, to raise standards of living and enable participation in the 'mainstream' economy. In this regard, the the East Asian approach has involved state-led neighbourhood renewal and encouragement of formal private sector development, while communal self-help has been widely used in Africa and Latin America (Robinson et al 2004). However, concerted effort is required to avoid negating the benefits of informality. Besides, upgrading existing neighbourhoods is not always suitable given that the informal market is still forced to compete with the formal market for land (Urban LandMark 2011d), and thus informal settlements are often (although not always) marginally located.

Another perspective is that these less formal, more socially-driven markets may offer lessons for those wishing to increase access to affordable housing through other channels (McGaffin et al 2015). An important consideration for policy-makers is that the suppliers of housing include not only traditional private sector developers, but also households and communities themselves, as well as non-profit and mission-driven actors (ULI 2014). Even in the global north, the the predominantly neo-liberal political climate has imposed significant constraints on public expenditure and the current policy direction is towards a reduced role for government in direct delivery of housing (Berry et al 2006; Van den Nouwelant et al 2015). From this outlook, the role of government can be viewed as that of partner in and enabler of urban development (Robinson et al 2004; Van den Nouwelant et al 2015), supporting both formal and informal processes, to balance affordability, accessibility, variety, quality and sustainable urban form.

3.4 The Challenges in Providing Well-located Affordable Housing

Some of the obstacles discussed in this section are applicable to affordable housing in general, while others are specific to well-located affordable housing, or exacerbated in good locations.

3.4.1 Economic Challenges

Since economic logic dictates that a development will only proceed if the estimated market value of the completed project exceeds the estimated development costs (including profit) (Massyn et al 2015), some of the major challenges in providing well-located affordable housing arise due to factors, discussed in the next sections, which cause downward pressure on value or upward pressure on costs.

FACTORS INFLUENCING VALUE

Low and irregular incomes

The value of a residential building is a function of the rentals or selling price that households are willing and able to pay to occupy it, and since lower-income households have limited spending power, the amount available to spend on housing is often too low to compensate the developer for the costs and profit required to develop it (Massyn et al 2015). Low incomes, or low effective demand, thus present an inherent challenge to the development of affordable housing. Lower incomes are also often irregular, with substantial pressures and erratic expenses, which increases the risk incurred by landlords as income streams are less secure (CAHF 2012; MGI 2014). Rising non-housing credit indebtedness, particularly for low income households, means that many households have a housing affordability even lower than their incomes suggest (CAHF 2015b). In addition, the expectation of a 'free house' created by the national housing subsidy programme can undermine some tenants' willingness to make payments, so management and eviction of non-paying tenants can become a problem (NASHO and AFD 2012). In some extreme cases in South Africa, buildings have been 'hijacked' by criminals who illegally collect rent from tenants and refuse to make payments to the rightful landlord (McGaffin et al 2015).

Lack of access to affordable end-user finance

Given the high costs associated with purchasing housing, most buyers rely on a loan to help finance the purchase, usually for a significant proportion of the price. However, there is extremely limited supply of end-user finance in the affordable segment of the market (especially for the large proportion of informally employed), particularly from formal financial institutions (Nell et al 2004; Agarwal et al 2013). Barriers include inability to afford repayments and/or a down payment, lack of documented income, and poor credit records (Peppercorn and Taffin 2013). Credit that is available to lower income households tends to be priced at higher interest rates due to the perception that affordable home loans have higher risk of default (which is often exaggerated, see Eighty20 2013); high loan-to value ratios due to limited household savings (MGI 2014), and high servicing costs compared to the small transaction size (Karamchandani et al 2010). This aggravates affordability problems for households, and it means that developers are less likely to secure pre-sales. This 'capital hurdle' is most acute in good locations, due to high land values and the need to construct expensive, taller buildings (McGaffin et al 2015).

Developer finance difficulties

Like households, most developers rely heavily on loans and other external sources of funding to finance projects. Since financial institutions view affordable housing projects as high risk, loans are difficult to secure and often incur higher interest rates (Tsenkova and Witver 2011). Furthermore, given the limited availability of affordable housing capital, developers often need to assemble multiple layers of funding for a given project, and must therefore structure the deal to balance the requirements of all funders and investors (ULI 2014), which can cause complications, delays and can negatively impact on feasibility.

FACTORS INFLUENCING COSTS

While developers and local authorities have limited influence over value, they do have influence over the cost of development (Massyn et al 2015), examined in the next sections.

Limited availability and high cost of well-located land

Given limited supply and free competition, the market allocates land to the agent that can pay the highest price for it – the bidder that can extract the greatest value from using that space, or the greatest profit from developing it (Napier 2008). Provided this land use is physically, legally and financially viable, this is known as the *highest and best use* of the site (McDonald and McMillen 2011). Since better located land provides access to economic opportunities, social amenities and markets, there is a high level of competition for well-located land, and a more intense built form (usually by way of multi-storey buildings) can be viably produced, which increases the value that can be extracted (Urban LandMark 2011a; Bertaud 2014b). Since land value is residual (determined by returns or utility net of construction costs), these factors result in a higher land values in well-located areas (Massyn et al 2015; McGaffin et al 2015). Affordable housing rarely extracts sufficient value, especially compared to luxury or commercial uses, to be able to bid competitively on well-located land (Napier 2008).

Availability of affordable, serviced, well-located land is a global challenge (Agarwal et al 2013: MGI 2014; ULI 2014). Internationally, it is not uncommon for land values to make up 40 to 60% of total property value (MGI 2014; ULI 2014; Krause 2015). While this figure is only around 20% of development cost in Cape Town, well-located land is still particularly expensive compared to other South African cities (Massyn et al 2015). Many cities, such as Johnannesburg, have experienced significant inner city urban decay, allowing prices to drop sufficiently to allow affordable housing to compete, in both formal and informal markets (Urban LandMark 2010; Urban LandMark 2011c), often through the redevelopment of highly depreciated existing buildings into affordable housing (Massyn et al 2015). However, this has not occurred in Cape Town, where the inner city has actually experienced substantial commercial revitalisation in recent years, and thus property values remain high (Massyn et al 2015; CCID 2014). Other good locations, such as the Voortrekker Road Corridor (VRC), may offer greater potential for affordable housing in Cape Town, due to more reasonable land costs than the central city (Massyn et al 2015).

High development, transfer and operating costs

Well-located sites are likely to require smaller-scale brownfield or infill development, as opposed to greenfield or mega-project development. While a significant portion of upfront cost is directly related to

the size and scale of the development, some costs—such as land costs, design costs, legal expenses, and application fees—are relatively fixed, making smaller developments less economical per unit (ULI 2014). Infill projects are more challenging than greenfield sites and often incur higher development costs due to a range of factors, including: fragmented land ownership, which makes land assembly and associated holding costs more expensive; existing land uses, which have to be bought out at market values; existing building demolition; former industrial uses, or similar, which add site remediation costs; and higher density built form and challenging sites, which increase costs by deviating from standard dimensions and construction methods (Turok 2009; Van den Nouwelant et al 2015).

Furthermore, many of the costs associated with residential construction, such as the substructure, superstructure and services, are independent of the specific target market, and thus savings can only really be made on the level of finishes, which make up a small proportion of the total costs, and thus often will not translate into the units being sufficiently affordable (Massyn et al 2015). High transaction and property registration costs relative to the value of the property in the low end of the market disincentivises formal transfers, which has knock-on effects, as low churn and resultant depressed prices reduce the willingness of financiers and developers to enter this market (Nell et al 2004). Finally, ever increasing municipal and utility charges push up development and operating costs, and undermine the ability of tenants to pay rentals (NASHO and AFD 2012).

Delays in planning and funding approvals

Unlike 'market' developments, where delays are compensated for by price escalations, the business model of affordable housing developers relies on quick execution, so any delays are particularly detrimental (Agarwal et al 2013). Cumbersome planning approval and negotiation processes increase uncertainty (risk) for the developer and extend the project timeline, resulting in increased costs and reduced viability (Tsenkova and Witver 2011; FFC 2012). A recent South African study showed that the township application process for affordable housing developments can stretch to 157 months, and that a 24-month delay increased development costs by 175%, translating into an increase of 124% on the selling price of the unit and a 70% decline in internal rate of return for the development (a critical factor for the availability of future funding), thus undermining both delivery and affordability (CAHF 2015b).

3.4.2 Regulatory Challenges

Policy and legislation (see Chapter 4: Context) which is intended to improve market outcomes, whether directed at affordable housing or other issues, often creates additional cost implications and other barriers to the delivery of well-located affordable housing, explored here.

Restrictive standards and regulations

Building standards and regulations can have a significant impact on the total costs incurred, and therefore on the financial viability of a building (Massyn et al 2015), so a restrictive regulatory environment can restrict formal supply (Malpezzi and Mayo 1997). Since the costs of compliance are generally passed on to the user in the form of higher rents and prices, the imposition of excessive standards in affordable housing increases the financial burden for low-income households (Massyn et al 2015). Therefore, building

standards that require a minimum size or level of design quality can make low-income households worse off, if they are forced to spend more on housing than they would choose without the regulations (Malpezzi and Mayo 1997; McDonald and McMillen 2011), or are forced into poor quality informal housing due to affordability barriers or lack of supply (MGI 2014).

In South Africa, provisions prohibiting the sale of state-subsidised properties for a certain time period restrict the functioning of the 'housing ladder', by limiting the movement of households and housing stock between submarkets (Nell et al 2004). Perhaps worst of all, regulations can impact negatively on the location of affordable housing developments by forcing development to take place on cheaper, poorly located land. As Bertaud (2009:1, cited in Massyn et al 2015) explains:

> *...the current housing subsidy program, by fixing a ceiling cost, a minimum floor area and land use standards, de facto establishes the cost of land as the dependent variable. The more isolated is the location for subsidized housing projects, the lower is the price of land and consequently the more financially feasible is the project, all other cost parameters being practically fixed by regulations or practice. Unwittingly, the housing subsidy program, as currently designed, becomes a major factor in the dispersion of population within metropolitan areas of South African cities.*

Furthermore, the high quality and size specifications of the government-provided entry-level housing product 'squeezes out' the space for the market to respond at the next level up in the affordable housing ladder (Massyn et al 2015).

Separate infrastructure and public transport subsidies

To make matters worse, the existence of public transport subsidies, which make commuting more affordable to lower income households, means that land prices in South African cities taper off at a faster rate than the rise in transport costs as distance from economic centres increases, which incentivises decentralisation by households (Turok 2001; Geyer et al 2012). Further, due to inconsistent and sectoral application of different subsidies (Venter et al 2004), the trade-off between higher upfront land costs for good location, and higher upfront and operating expenses for transport and infrastructure across a sprawled city, does not seem to enter into decision-making regarding the location of affordable housing developments. The current incoherent system of subsidies thus distorts the behaviour of households, developers and government in favour of more peripheral locations.

Excessive parking requirements

Although car ownership is generally low for lower income households, parking regulations are standardised regardless of the target market. Research from both Cape Town (see McGaffin 2012) and the United States (see ULI 2014) shows that parking minimums are probably *the* most significant regulatory barrier to the provision of well-located affordable housing. This is because there is usually limited space on a site to provide surface parking, particularly in good locations, and the provision of basement parking adds significantly to costs, often making a development unfeasible (ULI 2014; Massyn et al 2015). Assuming an average parking bay requires 25 to 30m^2, including circulation space, almost the same

amount of parking space as living space would be required in a standard 40m^2 unit development, reducing the density by up to 50%, thus decreasing the income achievable (Massyn et al 2015), reducing the number of units that can be supplied, and driving up the per-unit costs (ULI 2014).

Rigid subsidies and income criteria

While construction costs continually escalate, the capital subsidy and development standards for social housing developments in South Africa remain fixed (these have not been updated since 2008), so the subsidy is increasingly insufficient to cover development costs (NASHO and AFD 2012). Despite the substantial level of government funding for social housing, the overall amount available is also inadequate to cover all of the social housing projects being proposed, so there is increasing competition for funding (CAHF 2012; NASHO and AFD 2012). In addition, the units are required to be made available to tenants at a certain income level (also fixed since 2008), which limits the income that can be achieved, therefore placing increasing pressure on the long-term financial viability of the social housing model (CAHF 2012). A further challenge is posed by the fact that projects must be ready for implementation in order to be awarded funding, requiring significant upfront finance, which many smaller developers do not have (CAHF 2012). See Chapter 4 for further details on this and other housing programmes.

Smart growth and urban renewal policies

Despite often having good intentions for affordable housing, smart growth policies, which promote mixed-use, higher-density, compactness, and walkability, using strategies such as transit-oriented development (TOD) and urban infill, can pose significant challenges to housing affordability by reducing the supply of developable land and increasing property values (Addison et al 2013; Van den Nouwelant et al 2015). Similarly, urban renewal strategies and the efforts of public agencies to upgrade public amenities in low income neighbourhoods may have the unintended effect of decreasing affordability and promoting gentrification (the replacement of low income households by higher income groups) (Turok 2009). In particular, efforts to eliminate 'crime and grime' and 'bad buildings' frequently overlook the need for more inclusive strategies (NASHO and HDA 2013; Mayson and Charlton 2015). However, density and variety in housing consistently promote affordability (Addison et al 2013), so smart growth and urban regeneration policies can and should be designed in a way that supports well-located affordable housing by mobilising land for development and encouraging higher-density, more diverse and inclusive housing forms (Van den Nouwelant et al 2015).

3.4.3 Institutional Challenges

Poor information

It is estimated that over 70% of South Africans can only afford to buy houses of less than R500,000 and that 58% of all properties in South Africa fall within affordable areas (where the average property value is less than R500,000), but this market segment has very limited information, low levels of recorded trade and few market facilitators compared to higher income markets, creating barriers to involvement by developers, investors and lenders (ALHDC 2011). For those who do enter the market, poor understanding of market demand, such as the type and location of housing needed by different households, becomes costly due to struggles to find suitable users (McGaffin 2014).

Capacity constraints and high barriers to entry for developers

The difficulties created by poor information are compounded by deal complexity and the competitive marketplace created by limited funding, which create barriers to entry for new or smaller developers (ULI 2014). Limited capacity in the social housing sector has been identified as a key institutional constraint in South Africa, given that the administrative and funding process involves substantial time and capacity on the part of the social housing institution (SHI) and the Social Housing Regulatory Authority (SHRA) (CAHF 2012; NASHO and AFD 2012). The funding process is complicated by the existence of multiple funding streams, and a subsidy that varies by province, creating uncertainty and disparity in the market (CAHF 2012), and discouraging the private sector from accessing subsidies (Tsenkova and Witver 2011).

3.4.4 Socio-Political Challenges

Lack of political will and cooperation

Aside from capacity constraints, Berrisford et al (2008) argue that municipalities in South Africa are often unwilling to support the development of well-located land for low-income groups due to the income (rates, services or land sale) foregone from alternative higher value uses. Political fragmentation and reactionary policy shifts prevent coherent planning over time and co-ordination between the spheres and departments of government, while political pressure to speed up delivery creates a focus on the number of units delivered rather than the quality and location of development (Berry et al 2006; Tissington 2011; Addison et al 2013; Dawson and McLaren 2014). For example, South African Minister of Human Settlements, Lindiwe Sisulu (2014), has recently indicated strong support for mega-projects; a development model which often relies on marginal location in order to access large tracts of vacant land at cheaper prices. There is also a lack of coordination with the various public housing entities (including the Housing Development Agency (HDA), the National Housing Finance Corporation (NHFC) and the SHRA), private sector (such as developers and commercial banks) and NGOs (FFC 2012).

Community opposition

A final challenge to the development of well-located affordable housing, which can significantly increase the timeline and costs of an affordable housing project, or even prevent it from materialising, is community opposition (Tsenkova and Witver 2011; Scally and Tighe 2015). Due to the stigma of affordable housing and unsuccessful past projects, established communities, particularly in higher income areas, often fear the impact of unattractive buildings and large incoming populations on the character and safety of their neighbourhoods, and the extra pressure on local infrastructure, services and facilities, resulting in significant not-in-my-backyard (NIMBY) opposition (Turok 2009; Forsyth et al 2010; Tsenkova and Witver 2011; ULI 2014). As a result, developers may choose sites in neighbourhoods that offer less resistance, namely predominantly poor, peripheral communities (Scally and Tighe 2015). Higher-density developments, which may be required in good locations, may also face resistance from the intended beneficiaries, as recently displayed by the violent disruption of construction at Greenville Garden City, Cape Town. Furthermore, policy-makers may face opposition to investment in housing, infrastructure and amenities in well-located areas, given dire backlogs in existing outlying communities (Turok 2009).

3.5 Potential Solutions

3.5.1 Levers for Public Intervention

Given the exclusionary logic of market forces, government has an important role to play in the provision of well-located affordable housing, both directly, through its own investments, and indirectly, through regulation, subsidies and incentives (Urban LandMark 2011d). Rather than viewing planning and the market as adversaries, it is more helpful to consider planners as market actors, with significant power to influence property market outcomes (Adams and Tiesdell 2010; Adams et al 2012; Bertaud 2014a). In Figure 3.3 below, McGaffin (2014) extends his conceptual framework of the property development system to include potential levers for public intervention.

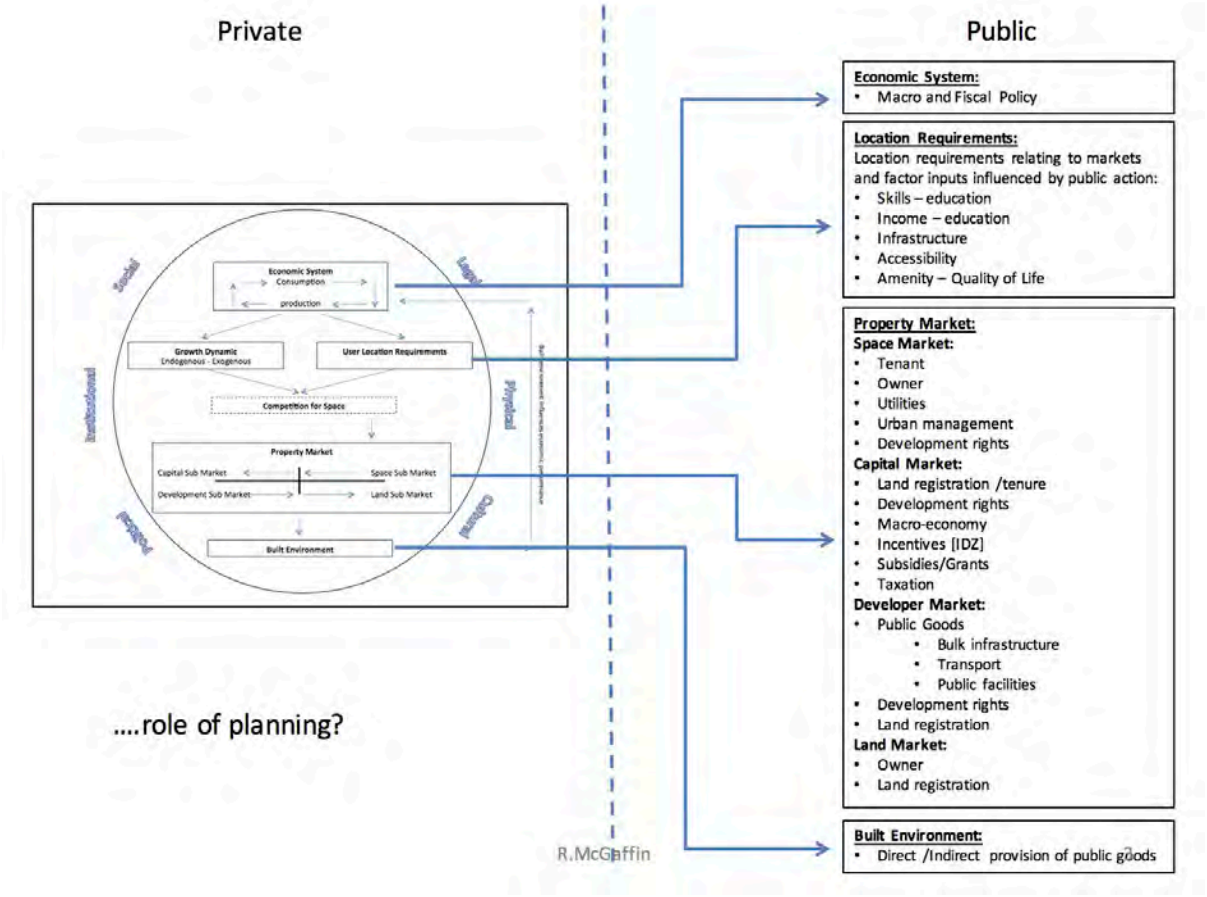


Figure 3.3: Levers for Public Intervention in the Development Process (McGaffin 2014: 9)

To intervene in these sub-systems and improve outcomes, Tsenkova and Witver (2011) outline four types of policy instrument available to planners[3]: fiscal, regulatory, financial and institutional. Using this framework, the following sections outline potential solutions to promote increased provision of affordable housing, with emphasis on interventions which support good locations and private sector participation.

[3] Due to the focus on city planning, some important systemic interventions (for example, education, as a key driver of economic vitality and household income/affordability) are outside the scope of this dissertation.

3.5.2 Fiscal Interventions

Public investment and subsidies

Regardless of any stimulation or regulation instruments to generate greater private sector provision of affordable housing, some form of subsidy may be required to bridge the funding gap between the cost of development and revenue generation, particularly in the lowest-income submarkets (Berry et al 2006; Tsenkova and Witver 2011). Globally, public rental housing plays an important role in supplying affordable accommodation for those most in need, where private sector provision is most inadequate (Harvey and Jowsey 2004). In South Africa, public rental housing, known as Community Residential Units (CRU), is very limited, generally poorly maintained and managed, and is increasingly being sold off (Dawson and McLaren 2014). Given capacity and resource constraints, indirect subsidies are more feasible at scale.

Internationally, various forms of housing subsidies have been experimented with, targeting either the supply-side (by reducing the price of housing or finance) or the demand-side (by providing increased income to households) (Harvey and Jowsey 2004). There is ongoing debate about whether supply-side or demand-side subsidies are preferable (see Galster 1997; Yates & Whitehead 1997; O'Sullivan 2000; Harvey and Jowsey 2004; Hoek-Smit 2006). Table 3.1 summarizes the key advantages and disadvantages of each. Demand-side subsidies are more economically efficient and enable greater choice (O'Sullivan 2000; Harvey and Jowsey 2004), so are preferable if the primary reason for the housing problem is inadequate income (Hoek-Smit 2006). However, demand-side subsidies only work if there is suitable existing supply of housing or if suppliers respond at scale (Harvey and Jowsey 2004), which is not the case in South Africa. On the other hand, supply-side subsidies alone are often not enough to target the lowest-income groups (Peppercorn and Taffin 2013). Therefore, a combination is likely to be superior to a pure approach, and careful design and delivery of subsidies is crucial, in order to respond appropriately to the problems and policy objectives (Yates & Whitehead 1997; O'Sullivan 2000; Hoek-Smit 2006).

The chequered global track-record of government intervention in the housing market has made it clear that it can be both inefficient and inequitable, resulting in unintended negative consequences for lower income households (Balchin et al 1995; ULI 2014). For example, rent control has serious weaknesses as an ongoing policy, including that it does nothing to solve the short-term housing supply problem; decreases the supply of privately rented dwellings; reduces the landlord's ability and incentive to maintain the property; increases housing prices in uncontrolled submarkets; allocates housing and redistributes income arbitrarily; reduces household mobility, and involves substantial administrative costs (Balchin et al 1995; O'Sullivan 2000; Harvey and Jowsey 2004; McDonald and McMillen 2011). Less restrictive 'second-generation' rent control, which permits reasonable rent increases and/or exempts new construction, tends to mitigate some but not all of these adverse effects (McDonald and McMillen 2011). While this has been used successfully, particularly in Germany, where rent increases are limited to 20% over three years (MGI 2014), rent control is not considered an appropriate policy for South Africa at this stage, given the fundamental need to expand supply.

	SUPPLY-SIDE:	DEMAND-SIDE:
Attached to:	Housing unit	Household
Impact:	↓ rent/price	↑ income
Examples:	Direct: ▪ Public supply of housing Indirect: ▪ Subsidies to developers or Social Housing Institutions ▪ Rent Control ▪ Tax Incentives (to developers) ▪ Mortgage Insurance	▪ Income Supplements ▪ Rent Certificates ▪ Housing Vouchers ▪ Tax Incentives (to occupiers)
Advantages:	• Doesn't push up the price of housing • Can enable targeted neighbourhood revitalisation • Maximises upgrading and minimises abandonment (except rent control) • Housing market less affected by market fluctuations and crises • Less vulnerable to spending cutbacks, as the subsidised stock remains	• Directly addresses the affordability problem • Maximises choice (and therefore mobility and utility) of subsidised households (type, tenure, quantity, location) • Could be spent on used dwellings (typically less expensive than new dwellings)
Disadvantages:	• Restricts consumer choice (households may be forced to spend more on housing than they would choose to, and choice is limited to the range of subsidised units), and thus causes economic inefficiencies • Often not sufficient to assist the lowest-income households	• Housing may still be inadequate • If supply is inelastic, the extra spending will drive up the price of housing • Subsidising the difference between market rent and available income provides little incentive for tenants to negotiate rent down or economise. • Poverty Trap: Some low-income families may refrain from increasing their income in case housing benefits are reduced

Table 3.1: Comparison of Supply-side and Demand-side Subsidies (Source: Author, based on Galster 1997; Yates & Whitehead 1997; O'Sullivan 2000; Harvey and Jowsey 2004; Hoek-Smit 2006 and Peppercorn and Taffin 2013)

Social housing, a significant feature of many European housing markets, is still in relative infancy in South Africa, but offers a promising model for well-located affordable housing delivery (see Chapter 4 for detail on the South African social housing programme). Typically, the model operates on the basis of non-profit social housing institutions (SHIs) (the most common form in South Africa) or housing co-operatives (in which residents are co-owners) receiving substantial financial support from government in various forms, including capital subsidies, operating subsidies, land at reduced costs, and tax incentives (CAHF 2012). South African SHIs have thus far only benefitted from capital subsidies and, in some cases, reduced land costs, so alternatives could be explored to address the current challenges (NASHO and AFD 2012).

In addition to public and social housing, direct government spending can contribute to locational attractiveness, and thus attract development into desired locations, by investing in public transport and amenities (Napier 2008). Importantly, housing and transport subsidies should be restructured to target higher-density, better-located housing, with good public transport links and integration with higher income areas and economic nodes (Turok and Watson 2001). Ideally, housing policy and subsidies should be tenure neutral, so markets can respond to household demand (Hoek-Smit 2006), but the shortage of rental stock in South Africa and the many benefits of rental over ownership, including improved affordability, higher mobility and even increased employment (see Blanchflower and Oswald 2013; Peppercorn and Taffin 2013), point to a need for *greater emphasis on the rental sector going forward*.

Tax incentives

Another form of indirect subsidy is tax incentives. Traditionally, in the United States (US) and United Kingdom (UK), tax concessions have been widely used to incentivise owner-occupation, for example, through mortgage interest relief or capital gains tax reductions (Harvey and Jowsey 2004). These interventions are regressive (as higher income earners receive greater benefits), they reduce household mobility and they fail to protect the poor, as the increased attractiveness of home ownership increases house prices (Balchin et al 1995; O'Sullivan 2000). A more appropriate approach in the US has been the Low Income Housing Tax Credit program, through which housing credits are awarded to developers, and investors purchase those credits to offset tax liabilities, thus providing the primary source of equity for affordable multi-family developments (MGI 2014). Portland, Oregon, offers a range of tax abatement programs designed to promote residential development near transit stations, rental housing rehabilitation, and non-profit ownership of affordable rental homes (ULI 2014).

In South Africa, capital depreciation allowances have been used to incentivise urban regeneration in specified Urban Development Zones (UDZs), but this does not exclusively target affordable housing and so has tended to be used for commercial developments (Massyn et al 2015). Thus, improved tax incentives should be specifically designed to encourage private investment in new affordable housing developments, particularly in the rental sector and in good locations (Napier 2008; Turok 2009; Tsenkova and Witver 2011), through mechanisms such as:

- Capital gains tax: capital depreciation allowances for new affordable housing;
- Income tax: expanding tax-deductible costs within the first year/s of operation; and/or
- Property tax: reduced property rates for affordable housing developments.

Overall, direct public investment, tax incentives and other subsidies are a very expensive approach, and they should only be considered once market inefficiencies have been addressed through regulatory or other measures, to avoid subsidising inefficiencies (Hoek-Smit 2006). Thus, there is widespread acknowledgement of the need for more market-based, self-sustaining approaches that will enable the private sector to play a much greater role in delivering adequate, well-located, affordable housing (Karamchandani et al 2010; Tsenkova and Witver 2011; CAHF 2012; Bertaud 2014a; Dawson and McLaren 2014; MGI 2014; ULI 2014; Massyn et al 2015), as explored in the following sections.

3.5.3 Regulatory Interventions

In order to support private sector participation, Bertaud (2014a) argues that planning interventions should take the form of market mechanisms, such as increasing supply of land and infrastructure or lowering transaction costs, rather than imposing restrictive regulations. On the other hand, regulation instruments can be very effective in maximising cost recovery on public investment (Turok and Watson 2001) and extraction of public benefit from development profit (Adams and Tiesdell 2010), provided development feasibility is not unduly obstructed. Reflecting both positions, the regulatory interventions discussed here are enabling rather than restrictive. While some entail active advancement of affordable housing, many simply involve the removal of barriers, particularly in terms of reducing development costs.

Use of well-located government-owned land for affordable housing

Unlocking urban land in the right locations is identified by McKinsey (MGI 2014) as the most important lever to enhance the delivery of affordable housing. Firstly, suitable government-owned land should be made available for these purposes (Gurran et al 2008; Harrison and Todes 2014). Government could establish "first-look" programs to give affordable housing developers right of first refusal for local public land (ULI 2014), and subsidise affordable housing developments through land donations, sales at discounted prices, land leases or deferred land payments (Tsenkova and Witver 2011). For example, In Cosmo City, Johannesburg, the developer was only required to pay for the land after the units were sold (MGI 2014). In the case of strategically located public land, long-term land leases can provide a 'win-win', as developers save costs and public ownership is maintained, as is successfully done in Vancouver, Canada (Tsenkova and Witver 2011). However, in South Africa, Massyn et al (2015) note that land costs are relatively low (around 20%) compared to total development costs, so for this strategy to be effective, the leasehold period should be at least 50 years to allow sufficient time to recoup costs and generate value, and cumbersome release processes and conditions would need to be improved.

Unlocking well-located private land

Since appropriately located government-owned land is limited, regulatory measures could also be used to unlock private land for affordable housing development. For example, in the Philippines, municipalities have the option of imposing an idle-land tax; and land assembly and readjustment (also known as land pooling) has been used successfully in Japan, South Korea, and India to consolidate fragmented land ownership in exchange for higher density allowances and infrastructure investment (MGI 2014). Pre-emptive rezoning or 'up-zoning' of appropriate land for higher density residential development could encourage or speed up development (Gurran et al. 2008).

Value capture through betterment taxes

A promising and under-used group of instruments in South Africa is value capture: "a public financing technique that 'captures' a part or all of the increases in private land values that result from new public investment, by imposing a tax on the property or requiring an in-kind contribution, such as land or improvements" (Urban LandMark 2012: 5). The potential increase in land value surrounding new public transport infrastructure offers major opportunities for South African cities to implement various 'value capture' mechanisms, supported by transit-oriented development (TOD) strategies (Brown-Luthango

2011; McGaffin 2011; McGaffin et al 2014). For example, through betterment taxes on land owners who benefit from increased property values, government can pay for the infrastructure investment and finance affordable housing in the area (Urban LandMark 2012; MGI 2014).

Inclusionary zoning and density bonuses

As an alternative to taxation, inclusionary regulation can be used to encourage private developments to include affordable housing (MGI 2014). Mandatory inclusionary zoning requires a certain percentage of affordable housing in every residential development as a condition of approval, resulting in expanded supply of affordable units, and a positive "social mix" of higher-income and affordable units (Gurran 2008; Tsenkova and Witver 2011). However, many cities (such as Bogota, Colombia) have adopted transferrable development rights, allowing a developer to fulfil its affordable housing requirement in less expensive areas so that more units can be produced, so social mix is traded off against housing supply (Klug et al 2013; MGI 2014). I support Fainstein's (1994) assertion that it is critical that the affordable housing units are integrated, and not diverted, to avoid further entrenching socio-spatial segregation.

The key to making inclusionary housing viable is to generate above-average returns on a portion of the development, generally commercial or higher-end residential, to compensate the developer for lower-yielding affordable units (O'Sullivan 2000; Massyn et al 2015). Therefore, the price of 'market' housing increases, and thus the implicit tax is passed on to the consumer (O'Sullivan 2000; Tsenkova and Witver 2011). Given the small proportion of South African households able to fuel high-end demand and the availability of alternatives at a similar price, Massyn et al (2015) argue that inclusionary zoning is likely to have only limited reach in South Africa, compared to the global north. Klug et al (2013) agree, citing resistance by developers and upper-income residents, and vast income inequalities, which create 'housing price cliffs', as key constraints. Due to the decline in profits and disincentive for future development created by such a policy, implementation may be practically limited to high-growth areas or large-scale projects (Tsenkova and Witver 2011) and a 'symbolic' contribution (Klug et al 2013).

Density bonuses, combined with *voluntary* inclusionary zoning, offer a potential solution. Under this policy, in return for additional floor area or bulk development rights (higher revenue per square metre of land), the developer must set aside a certain portion of the project for affordable units to be sold or rented to lower-income residents (Tsenkova and Witver 2011; MGI 2014). By increasing the density of a project, a developer is able to provide affordable housing units without negatively influencing development viability (Tsenkova and Witver 2011). For example, in Barcelona's La Marina development, increasing the floor-area ratio from 1.0 to 2.3 made it possible for the developer to offer half the units as affordable housing, with prices about a third of market rates (MGI 2014). By increasing density limits (taking into account impacts on bulk infrastructure), cities can significantly lower the amount of land used per housing unit, and thus increase housing supply, as has been achieved in Seoul (MGI 2014).

Cross-subsidisation through mixed-income or mixed-use

While the reach of inclusionary zoning may be limited, there may be potential in well-located areas (where there is demand for higher value development) for affordable housing developments to include a portion of higher-end residential, commercial or retail use, and thereby generate increased revenue

to cross-subsidise some of the affordable units, as well as promote more vibrant, mixed-use, mixed-income development (NASHO and AFD 2012). A caveat is that many affordable housing developers, such as SHIs, may be inexperienced in these other markets, leading to increased risk and costs (ULI 2014). Appropriate partnerships with experienced developers may assist in overcoming this hurdle. On the other hand, privately developed 'gap' market housing can benefit from public subsidies and/or sales guarantees by including low-income and/or social housing, although these types of developments generally rely on large scale and cheap land, and thus more peripheral location (Klug et al 2013).

Preserving existing affordable housing

Given limited supply, it is crucial to preserve existing affordable housing (or offset its loss) through, for example, requiring a social impact assessment as part of certain planning applications, relocation assistance for existing tenants or a financial contribution towards new affordable housing construction when a proposed development removes existing affordable housing (Gurran et al. 2008). Special attention is required in contexts of urban regeneration to avoid gentrification. As far as possible in redevelopments, existing occupants should be given access to affordable accommodation on site.

Reviewing building height, unit size and amenity requirements

A strategy to improve the bidding power of the poor and reduce the per-unit cost of providing well-located affordable housing is to support higher intensity land use, by consuming both less land (through multi-storey development) and less floor space (through smaller units or multiple household occupancy) (Napier 2008; Urban LandMark 2011a; McGaffin et al 2015). Basic urban economics (Bertaud 2010 and 2014b) states that high land prices can be overcome by substituting cheaper capital (vertical floor space) for more expensive land. Generally, unit costs will decline up to a height of 3 to 4 storeys, after which expensive lifts and foundations become necessary (Turok 2009; Massyn et al 2015).

Many cities around the world, including San Francisco, New York, Vancouver, Toronto and London, have started to allow for micro-units, targeted at individuals more interested in affordable, well-located urban living than large unit size (ULI 2014). In these global north cities, micro-units generally range between 20 and 30 square metres, although a proposed Vancouver development offers units as small as 16 square metres (Construction Manager 2015). In Johannesburg and Pretoria, 12 square metre units are being delivered (Massyn et al 2015), while a Cape Town study has recommended bachelor units of 8 to 12 square metres, and 2-bedrooms between 16 and 24 square metres (McGaffin 2012). In India, there is promising evidence that smaller units sell 25% faster than larger ones (Agarwal et al 2013).

As an alternative to smaller units, the same outcome can be achieved by allowing people to share units in order to have multiple incomes per unit (McGaffin 2012; Massyn et al 2015). "Multi-habitation" and the habitation of "rooms and spaces" is a phenomenon reported across the global south in various typologies, though not always supported by formal development or policy (see Addo 2013; Mayson and Charlton 2015). Many developments offer shared ablution and cooking facilities, communal amenity and recreation spaces, such as roof gardens and shared lounges, and built-in space-saving furniture (Construction Manager 2015). An added benefit of communal spaces is that tenants tend to form

stronger relationships and remain for longer terms, thus decreasing risk for investors (Addleshaw Goddard 2015), and providing additional social and security benefits for vulnerable households (Addo 2013).

Importantly, developments with small units and multiple-occupancy require careful design and excellent property management (Karamchandani 2010; Massyn et al 2015; Mayson and Charlton 2015) to balance reduced cost and quality (ULI 2014). Unit size and amenity requirements should be evaluated to ensure they meet the needs of the people they are intended to serve, while avoiding excess (ULI 2014), and focus on substantive issues (such as health and safety) rather than blanket prescriptions (McGaffin et al 2015). There is evidence of local demand for smaller units with shared facilities (see McGaffin et al 2015), particularly amongst students, single adults and recent migrants (Turok 2009). Thus, any regulations that restrict the provision of multi-storey, smaller spaces, shared facilities, or multiple-occupancy should be revised, and sufficient quality public amenities must be provided to balance the higher intensity use (Gurran et al 2008; Turok 2009; Massyn et al 2015).

Implementing flexible planning and parking requirements

Building on the above argument, flexible planning and engineering requirements that allow for alternatives in design and construction, such as reduced setbacks, narrower lot sizes, reduced road allowances or reduced parking requirements can cut construction costs and allow for a more efficient use of land in affordable housing projects (Gurran et al 2008; Turok 2009; Tsenkova and Witver 2011). Especially in urban infill developments near transit, parking minimums can be substantially reduced or eliminated entirely, based on the needs of residents and the surrounding land use (ULI 2014). "Smart parking" codes for transit-accessible locations exist in many cities, including San Francisco and Seattle, which set out parking *maximums* and shared parking (serving more than one use) (ULI 2014). Locally, the City of Cape Town has identified 'public transport zones', where parking standards are slightly relaxed.

Enabling innovative building techniques

An approach which has significant potential for construction cost and time savings is the use of innovative building techniques and materials, such as prefabricated, manufactured, modular, and panelised housing (MGI 2014; ULI 2014). Though traditionally focused on low density units, prefabrication is increasingly being used in multi-unit housing worldwide, including a 32-storey residential tower in New York, a 25-storey dormitory in the UK (ULI 2014) and a 280 room student housing block made from shipping containers in Johannesburg. Government can play a key role in encouraging industrial construction through public procurement, enabling regulation and zoning, and shaping consumer acceptance (MGI 2014). However, labour-saving techniques should be approached with caution in the context of South Africa's unemployment crisis, and the importance of the construction sector in creating jobs.

Encouraging redevelopment

Because almost half the cost of a building is associated with the substructure, superstructure and services, redeveloping depreciated existing buildings can provide a lower cost alternative to new builds, and these cost savings can be passed on to the end-user through reduced rentals or prices, while maintaining adequate quality and size (MGaffin 2012; Massyn et al 2015). Not only are existing buildings cheaper, but they also make up the bulk of the built stock in the city and therefore represent the best opportunity to

deliver affordable housing at scale (Turok 2009; MGI 2014; Massyn et al 2015). Stringent requirements can make redevelopment cost-prohibitive, so separate rehabilitation codes could be adopted, which balance quality and affordability considerations (ULI 2014).

Supporting incremental housing and small scale landlords

Considering households as both consumers and potential suppliers of affordable housing, incremental construction and financing provides a way for households to overcome the capital hurdle of upfront costs (CAHF 2014). Existing neighbourhoods may offer considerable potential for incremental densification, for example, through subdividing properties, building extensions and consolidating adjacent plots to allow larger buildings, which can be supported through municipal zoning (Turok 2009). For example, the City of Cape Town is piloting a densification overlay zone in Mitchells Plain to support these processes. There is evidence in Du Noon of households demolishing state-provided housing in order to build higher density rental accommodation, indicating that current design and standards should be amended to enable improvements and additions to be made over time (McGaffin et al 2015). Policy and financial products should also be tailored, with appropriate business support, to enable housing entrepreneurs to develop affordable rental accommodation (see Shisaka and CSIR 2006). For lessons from the global south in incremental housing, see Greene and Rojas (2008) and Wakely and Riley (2010).

Streamlining the planning approvals process

By applying some of these cost-reducing strategies – and executing projects on tight, predictable schedules – the economics of affordable housing improve significantly (MGI 2014). In fact, for affordable housing projects, speed of delivery may be the most important factor in success (Agarwal et al 2013; MGI 2014). Since there are substantial costs involved in holding land and waiting for administrative approvals, a streamlined and efficient planning process, with flexible but predictable regulations, and consistent, transparent decision-making, can reduce uncertainty (risk) and delays (costs) (Tsenkova and Witver 2011; NASHO and AFD 2012). Expedited approvals at no additional cost could be used to incentivise affordable housing developments (Urban LandMark 2008; McGaffin 2011; ULI 2014).

Dedicated delivery units that can operate across government bureaucracies to move affordable housing projects ahead have been used successfully in Singapore, the UK and Australia (MGI 2014; Van den Nouwelant et al 2015). The City of Calgary has simply created a specific position within the approvals department to handle affordable housing applications, reducing processing time by 20% (Tsenkova and Witver 2011). Municipalities can also facilitate more efficient development time frames and reduce costs by improving information available on development rights and market conditions (Massyn et al 2015); and enabling more by-right development (by relaxing density, height, size, and parking regulations, perhaps through an overlay zone), thereby freeing developers from the need to seek consent or rezoning (ULI 2014).

3.5.4 Financial Interventions

Reduction or waiving of municipal and transfer fees

Cost barriers to affordable housing development can be further addressed through reduction or waiver of application fees (which cover administrative costs) and/or development contributions (which offset the capital costs associated with infrastructure) (Gurran et al 2008; Tsenkova and Witver 2011). This could be achieved by either exempting certain developers, such as SHIs (NASHO and AFD 2012), or by adopting smart impact fees, whereby well-located projects with affordable or small units pay reduced development contributions (ULI 2014). While marginal savings on fees are not likely to increase the supply of affordable housing on their own, every little bit counts (Tsenkova and Witver 2011). In South Africa, properties valued up to R750,000 are already exempt from Transfer Duty, but attorney fees (which are regulated, based on the property value) could be decreased at the lower end.

Lending and borrowing practices

Financial institutions and government agencies can play a significant role in improving development feasibility by increasing the capital available for affordable housing (to households and developers) and lowering the costs of debt service, through lower interest rates; larger loans; longer amortization periods; reduced fees; or deferred payments (Tsenkova and Witver 2011; ULI 2014). Government could directly provide low-cost credit to developers serving low-income customers (Agarwal et al 2013), but this is an expensive approach. Alternatively, government could incentivise financial institutions to do so by offering mortgage insurance or guarantees for certain developer loans (types of subsidies), which would limit lenders' losses in the event of default (Nell et al 2004; CAHF 2012; MGI 2014; ULI 2014).

Alternatives to traditional mortgages could increase access to end-user finance for affordable homes, through mechanisms such as incremental financing, housing microfinance, micro-mortgages, collective or contractual savings, pension-backed lending for certain categories of employee (for example, government employees) (CAHF 2015b; MGI 2014), and location-efficient mortgages, which provide lower interest rates for well-located homes (Wilkinson and Marks 2007). The Finance Linked Individual Subsidy Programme (FLISP), which provides a subsidy to first-time home-buyers with a mortgage (see Chapter 4: Context), should be extended to include such alternative financial products (CAHF 2015b).

A promising finance model has been developed by the Monitor Group in India (see Karamchandani 2010), to serve the market segment of formal sector employees, by using the employer as a nodal point to aggregate customers and facilitate processing including loan application and payroll deduction. This helps employers with employee retention, reduces costs and risk for financial institutions, and developers are keen to provide housing to these agglomerated pre-financed customers as it reduces marketing costs and selling risk, and enables them to get development finance, reducing delays and associated costs. An analogous model, targeting the informally employed, uses a micro-finance institution (MFI) to do the aggregation, qualification and collection in return for a fee (returnable upon default), paid by a bank, which handles the actual loan and wold be responsible for repossession. Government could play an active role as a major employer, as well as an enabling or co-ordinating role.

Philanthropy

An alternative source of capital to finance affordable housing developments is through leveraging individual and corporate wealth in the form of donations, a practice which is well-established in Alberta (Tsenkova and Witver 2011). Many companies have existing budgets for corporate social responsibility (CSR) investment programs, which could be directed towards funding affordable housing, through a public non-profit organization, able to partner with developers (Tsenkova and Witver 2011). In Italy, *real estate ethical funds* provide a new and experimental funding mechanism for affordable housing, through which investors accept a lower than market return in exchange for greater security through government backing and an 'ethical' investment (see Ingaramo and Sabatino 2011).

3.5.5 Institutional Interventions

Community land trusts

Given the exclusionary forces of land markets, particularly in areas of urban regeneration and thus rising property values, a way to maintain affordability over the long term is by taking well-located land out of the market, and placing it in a non-profit community land trust (Semuels 2015). Community land trusts (CLTs) act as stewards of land owned on behalf of the community, are able to receive donations, and can facilitate development and use of this land for the public benefit, such as affordable housing or urban food production, through long-term leases (typically 99 years) with developers or individuals (Tsenkova and Witver 2011). The lessee builds equity in the improvements, but the value of the land (which is created by the collective, not the individual) remains in the hands of the community in perpetuity (Paterson and Dunn 2009; Semuels 2015). The CLT concept is not new, but is undergoing a strong revival in urban and rural areas in the US and UK, especially since the 2007 financial crisis, with the city of Boston even using expropriation to acquire land (see Semuels 2015). A further benefit of such a co-ordinating body is that it provides a means for stakeholders to work together, to channel funds and subsidies through one organization, and streamline development (Tsenkova and Witver 2011). However, defining the 'community' and who makes decisions may be problematic.

Partnerships

To mobilise additional resources (both financial and non-financial) towards affordable housing, partnerships between government and 'private sector' can include not only formal developers, investors and financial institutions, but also informal organisations and actors, employers, communities, and NGOs (Berry et al 2006), in a collaborative structure which combines the access to capital and regulatory control of government entities with the knowledge and on-the-ground relationships of local actors (ULI 2014). Urban development and financing partnerships have been extensively debated in international literature (for example, an entire issue of *Urban Studies* (1997, 34(12)), and will not be retraced here. Generally, there are no simple recipes, but contextual flexibility, inclusivity, a common vision, human capital, and significant land and planning control are key determinants of success (Robinson et al 2004).

In some cases, employers, particularly quasi-governmental organisations, may be prepared to contribute land or funding in order to achieve housing allocations for their employees (Berry et al 2006). Alternatively, risk can be reduced or eliminated for affordable housing developers by partnering with major employers

(Lachman and Brett 2013), for example, hospitals, schools or municipalities, who could guarantee or manage rental of the units, or even sign a corporate head-lease over the full building and sub-let to employees. A caveat is that employees may lose access to housing if they are no longer employed by a certain employer. An alternative, in Brazil, is that the housing authority commits to buying finished units or finding renters, thereby reducing developer risk and financing cost (MGI 2014).

Participatory development processes

Successful housing policy is ultimately about building and strengthening communities, so involving community members in critical decision processes and generating grassroots demand and support for housing initiatives can lead to better outcomes (MGI 2014). In addition to supporting more inclusive, democratic urban development processes, engaging with communities early in the process will help overcome costly community opposition (Tsenkova and Witver (2011). Public engagement efforts should employ multiple techniques in order to enable diverse input, and minimize the the chances for a certain perspective to dominate (ULI 2014). Special attention is required to pursue both deeper democracy within the process and *equity of outcomes* on behalf of marginalised voices, by supplying appropriate information, changing perceptions, informally engaging, and building trust (Scally and Tighe 2015). In other words, unreasonable 'NIMBY-ism' must not be allowed to inhibit affordable housing development. The Corridor Development Initiative in Minneapolis-St. Paul (see Forsyth et al 2010) brings together residents, city officials and developers to share information, build relationships and create shared development guidelines using interactive design workshops (blocking and sketching) and development feasibility (costing) exercises to help understand trade-offs and "resolve the potential conflicts between neighbourhood values, development constraints and city goals" (Forsyth et al 2010: 269).

Forum for sharing data and best practice

To enable effective housing programmes which accommodate the full housing ladder, and wider participation from private sector, cities need a rigorous, data-driven approach, supported by the publication of market information and appropriate best practices (Addison et al 2013; MGI 2014; ULI 2014), perhaps through an online platform, such as the CityMark Dashboard which is being developed by the CAHF (see CAHF 2015a). Examples of successful, high quality, attractive affordable housing developments can help overcome the stigma of affordable or high-density housing (Forsyth et al 2010; Addison et al 2013), and demonstrate the opportunity to other developers (Agarwal et al 2013). Sharing information and connecting players could support innovation in institutional structures and products, such as rent-to-own or instalment sale, where households gradually build up equity (CAHF 2015b); SHI co-operatives in order to access more competitive construction costs (NASHO and AFD 2012); and green building and other operating cost-saving strategies (MGI 2014). Based on "a common understanding, business, government, and advocates can conceive opportunities, imagine solutions, and build a better, more intentional future, while broadening the housing opportunities available to even our lowest income residents" (CAHF and SACN 2014: 5).

Precinct approach to urban regeneration and affordable housing

Finally, many of the other interventions discussed can be combined into a coherent area-based strategy, particularly in areas with good location fundamentals, but in need of regeneration. A recent workshop

report, 'Financing Social Housing: Investing in Urban Regeneration' (NASHO and AFD 2012), highlights the stabilising and catalytic role that social housing can play in urban regeneration and in leveraging private sector investment into an area, through physical improvements, good management and community development activities. The report advises the implementation of a "precinct" approach to urban regeneration, with municipalities assuming a leading role; strong partnerships with SHIs; social housing as an important catalyst; consideration of the relationship between the various housing options, especially rental and gap ownership supply; greater integration of various state financing streams for urban regeneration; co-ordinated release and development of land; and properly supported neighbourhood development programmes, such as the eKhaya project in Hillbrow, Johannesburg (see HDA 2012).

3.6 Conclusion

This chapter has explored the fundamentals of housing markets and urban development economics, as a platform for investigating the challenges in supplying well-located affordable housing, and possible mechanisms for public intervention to support delivery in this market. While access to decent, affordable housing is a national issue, requiring national funding support, many of the solutions can be found at the city scale, and there are many interventions which don't require major public funding, but simply address inefficiencies in the market through regulatory or institutional measures. Importantly, cities need to consider a comprehensive housing ladder that accommodates citizens of all income groups and their changing needs, covering both existing and new housing, near-term and long-term objectives that reflect rising aspirations over time, and improving the functioning of middle- and higher-income segments too so that housing stock can filter down (MGI 2014). The next chapter examines the local supply and demand issues in further detail and the current policy and legislative framework in South Africa.

Chapter 4: Context

4.1 Introduction

This chapter contextualises the affordable housing challenge (and opportunity) within local market conditions (in South Africa, and specifically Cape Town where applicable). The national policy and legislative framework created to address, but which also feeds into, these issues is then outlined.

4.2 The Affordable Housing Challenge in Cape Town

South Africa's housing sector is not delivering at the rate and scale needed, nor is it serving the diversity of the market given varying levels of affordability, access to credit and preferences (CAHF 2015b). The following sections explore the demand side and supply side issues that contribute to this situation.

4.2.1 Demand Side Issues

Total housing demand comprises *effective demand* (those who are willing and able to pay for available housing) plus *social demand* (those who need government assistance to access housing) (UN Habitat 2010). A recent report by Shisaka (2014) provides an overview of current and projected *social demand* in Cape Town, identifying households that need assistance as those that are living in sub-optimal housing circumstances and have household incomes below R13,000 per month (pm). It is estimated that between 2012 and 2032, 651,788 households will need some housing support from the City, including:

- 22% (143,823) currently living in informal settlements (regardless of income);
- 11% (73,506) currently living in backyard rental (below R13,000 pm);
- 2% (12,297) currently living in hostels (regardless of income);
- 16% (104,774) currently living in overcrowded formal housing (below R13,000 pm); and
- 49% (317,388) estimated new households to the city by 2032 (below R13,000 pm).
  (Shisaka 2014: 7)

The primary issue on the demand side is affordability, and this is determined by household income (and expenses) and household access to credit (CAHF 2015b), each of which will be explored next.

Household incomes and the 'housing gap'

According to Census 2011 (Stats SA 2011, see Figure 4.1), 502,394 households in Cape Town (47% of the total) have a monthly income of R3,200 or less (including 146,511 households (14%) that record no income at all), indicating strikingly high levels of poverty and thus dependence on government assistance to access housing. Only 272,306 (25%) of households have monthly incomes above R12,800, leaving another 293,768 (27%) earning between R3,201 and R12,800 pm. Although the income bands do not tie up exactly, these three submarkets can roughly be categorised as 'subsidy' (households with incomes below R3,500, eligible for fully-subsidised housing based on income), 'gap' (households with incomes between

R3,501 and R15,000 pm, which are too high to qualify for full subsidies but insufficient to afford the least-expensive new homes in the private market), and 'market' (above R15,000 pm, although this may be shifting upwards). The size of the 'gap' market across South Africa is estimated at nearly 4.3 million households (Lachman 2012), or 30% of South African workers, including key public sector workers such as teachers, nurses, police officers and government officials, as well as those in the mining and manufacturing industries (CAHF 2015b). All else being equal (and assuming a household has no other debt), households earning between R3,501 and R15,000 pm should be able to afford housing costing between R170,000 and R377,000, but the cheapest newly built housing unit available on the market today is around R370,000, affordable only to the very top end of this market (CAHF 2015b).

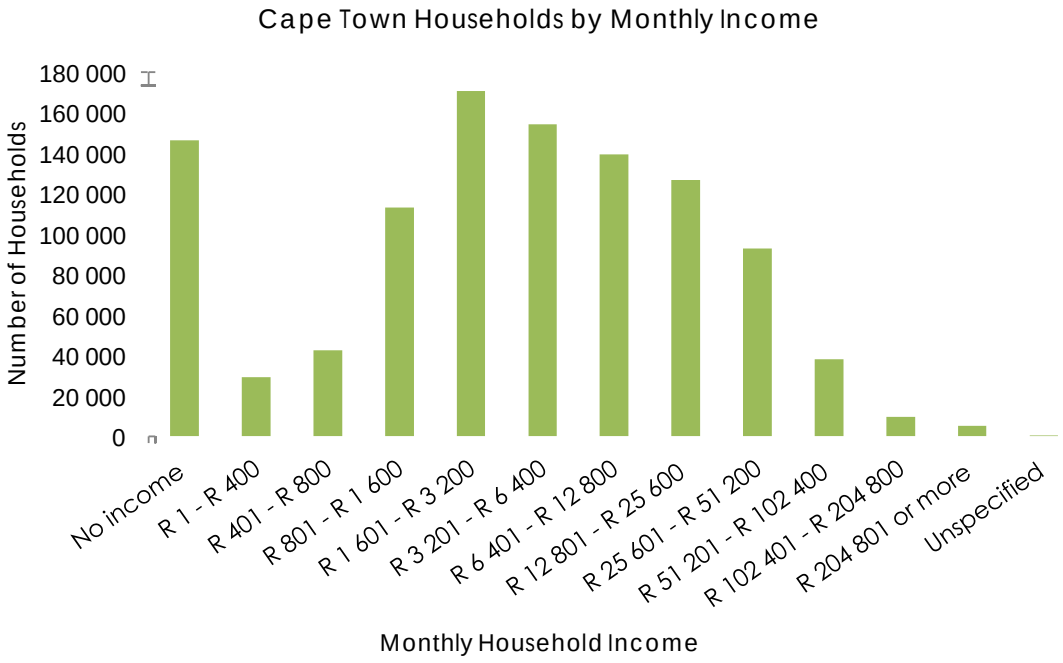


Figure 4.1: Distribution of Households in Cape Town by Income (Source: Hogarth 2015, Data: Stats SA 2011)

Access to housing finance

While South Africa's sophisticated banking industry offers consumers greater access to financial services than any other nation on the continent, and mortgage finance serves upper income segments well, only 13% of South African households in 2009 had a mortgage (Lachman 2012). Housing construction and improvements to existing homes are commonly financed using combinations of formal and informal mechanisms (CAHF 2013), with pensions or other savings as collateral, through unsecured micro-finance instruments, or through 'wholesale' financiers (the National Housing Finance Corporation (NHFC) and the Rural Housing Loan Fund), which provide capital to non-bank lenders targeting the lower end of the income spectrum (Lachman 2012).

In addition to low incomes, a major barrier to accessing mortgage finance is rising non-housing credit indebtedness – according to the National Credit Regulator, at December 2014, less than half of all credit-active consumers were current on their debt (CAHF 2013; 2015b). Since the National Credit Act (No. 34 of 2005) makes it illegal for credit to be extended to over-indebted borrowers, they would not be eligible

for mortgage finance (CAHF 2015b). In part as a result of this, developers report that for every ten buyers they present to lenders for mortgage finance, two are declined for adverse credit track records and five are declined due to affordability constraints – only three of every 10 applications submitted are approved (CAHF 2015b).

Access to financial services was dramatically improved with the signing of the Financial Sector Charter (FSC) in 2003, which promotes access to financial services for low-income earners who had been previously excluded, as part of post-apartheid transformation (CAHF 2013). Nevertheless, mortgage loans in the FSC and affordable market comprise the minority of lending, with only 25% of the total residential mortgages granted from 2007 to 2012 associated with properties worth less than R500 000 (CAHF 2013). Access to finance, particularly in the affordable market, has been further constrained by the 2007 financial crisis (Dawson and McLaren 2014). Most disturbing is that the interest rate imposed by lenders on FSC and affordable market mortgages is set at higher rates (between 2% and 4% above prime), ostensibly to cover the increased risk (CAHF 2013). This is despite evidence that FSC and affordable market loans perform generally on par with loans extended to higher income earners (see Eighty20 2013). This premium creates a heavy financial burden on households with the least affordability, making borrowers more vulnerable to economic shock and, in fact, increasing the risk of default (CAHF 2013).

Housing affordability in Cape Town

A recent report by the Centre for Affordable Housing Finance in Africa and the South African Cities Network (SACN) (CAHF and SACN 2014) compares housing affordability across nine major South African cities. This report shows (see Figure 4.2 below) that Cape Town has both the highest average property price (just over R1 million) and the lowest proportion of affordable properties by value (only 44% are under R500,000). However, lower prices do not necessarily translate into improved affordability (CAHF and SACN 2014). Due to higher incomes, Cape Town's affordability ratio (which compares average sales price to the price the average household can actually afford), at 3.1, means that it is not the least affordable (Mangaung and Msunduzi are).

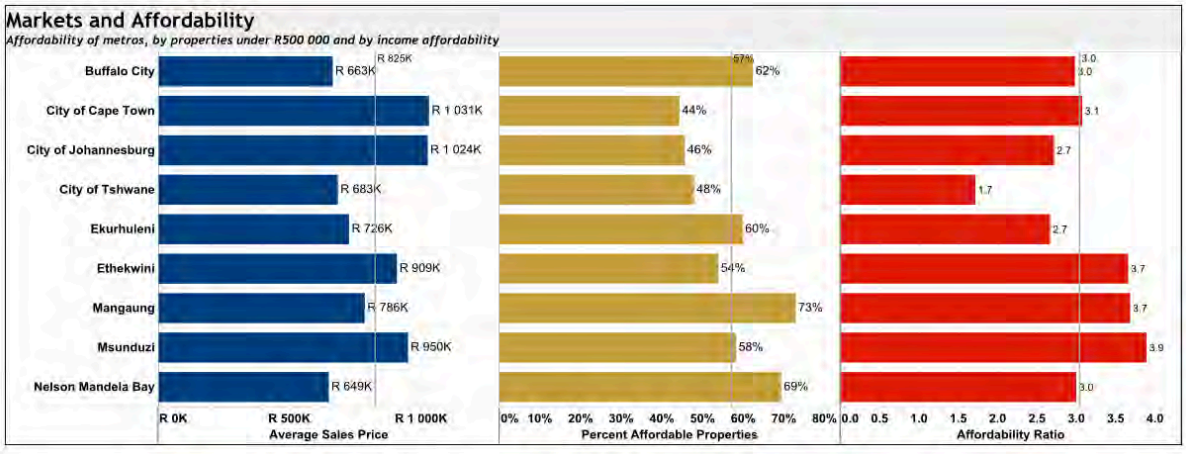


Figure 4.2: Housing Affordability Indicators per City (Source: CAHF and SACN 2014: 16)

In Cape Town, the average household earns R13,164 per month, which means it can afford a R336,000 home, but the average sales price of over R1 million creates an affordability gap of R696,000 (CAHF and SACN 2014). The distribution of this gap is shown in two ways in Figure 4.3 below, namely 'Affordable Suburbs by Property Value' (areas with average property values of less than R250 000 or between R250 000 and R500 000 are highlighted in green or orange respectively) and in 'Affordable Suburbs by Affordability Ratio' (darker red areas on the map indicate higher affordability ratios, or less affordability). Some areas considered affordable by value are not affordable when based on the affordability ratio. Crucially, the most affordable suburbs by property value (in green) have very high population densities and low incomes, but are located furthest away from economic opportunities which are largely concentrated in the urban corridor stretching east to west between the Cape Town CBD to Bellville, with a secondary corridor from the CBD to the Southern and Northern Suburbs (see Turok 2001).

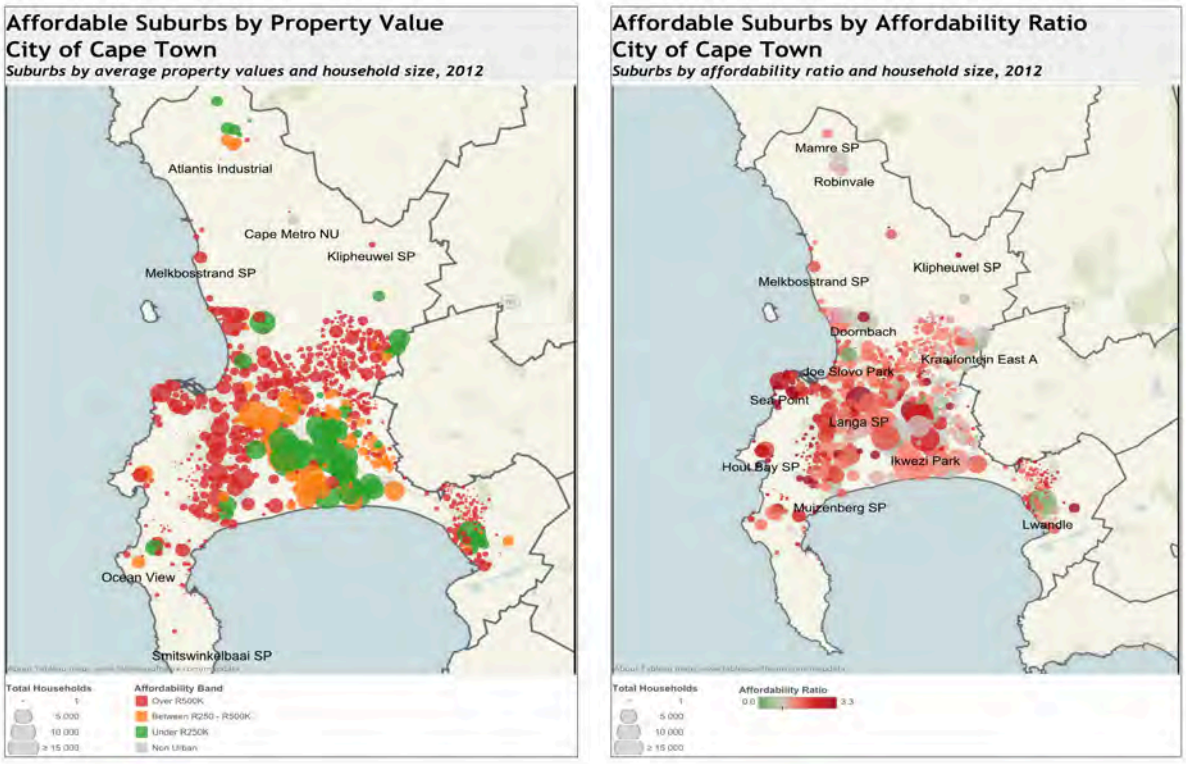


Figure 4.3: Cape Town Affordability by Value Versus Income (Source: CAHF and SACN 2014: 39)

While these averages provide very useful indicators, more detailed submarket analysis remains a critical missing link in the local market (particularly a distinction between rental and ownership). The Rode Report (2014) offers some indication of the rental market, showing that Cape Town has some of the highest and fastest growing flat rentals in the country, with average monthly rentals for standard quality units ranging from R2,890 (for a bachelor) to R6,065 (for a 3-bedroom) in 2014. However, these averages mask significant differences between areas. For example, average monthly rentals in the Cape Town CBD ranged from R7,500 (for a bachelor) to R27,250 (for a 3-bedroom) in 2015 (CCID 2014). The affordability of the CBD and other good locations is likely to deteriorate even further over time, partly as a result of urban regeneration activities (for example, property prices in the CBD have sky-rocketed between 2005 and 2014, largely due to improved urban management and increased investor confidence, CCID 2014).

Housing propensities

In addition to affordability, it is essential to understand preferences or 'housing propensities', which refers to the housing characteristics (type, tenure, location and other features) households choose based on household characteristics (such as age, income, family size and life stage) (UN Habitat 2010). Using data from the City of Tshwane, the Financial and Fiscal Commission (see FFC 2014) developed a housing-demand model which found that, by 2030, demand for housing will be the greatest in urban areas (central business districts (CBDs) and intermediate suburbs); rental accommodation will be the most desired form of housing, and housing typology will shift from free-standing housing to flats and townhouses. While no such model is yet available for Cape Town, a preliminary study based on Census 2011 data (Hogarth 2015) indicated similar trends are likely in Cape Town. These shifts align with city objectives of improved compaction, integration and sustainability and should be supported by increased supply in the targeted locations, typologies and tenure.

While a detailed investigation of housing demand is outside the scope of this thesis, an important consideration in enhancing the supply of well-located affordable housing is changes in household structures. Decreasing household sizes and a rise in single person households (who are not eligible for government-subsidised housing), fuelled in part by rapid urbanisation and migration to cities, has major implications on housing characteristics demanded (Dawson and McLaren 2014). Figure 4.4 below shows the distribution of households in Cape Town by household size, with 22% 1 person households, and another 22% 2 person households. The *average* (mean) household size commonly reported (between 3 and 4 persons) is thus misleading. Given small and decreasing household sizes, a growing market of younger adults, the need for labour mobility, and the inability to finance home-ownership, as discussed above, smaller units and rental tenure may be increasingly appropriate (StatsSA 2011; Lachman 2012).

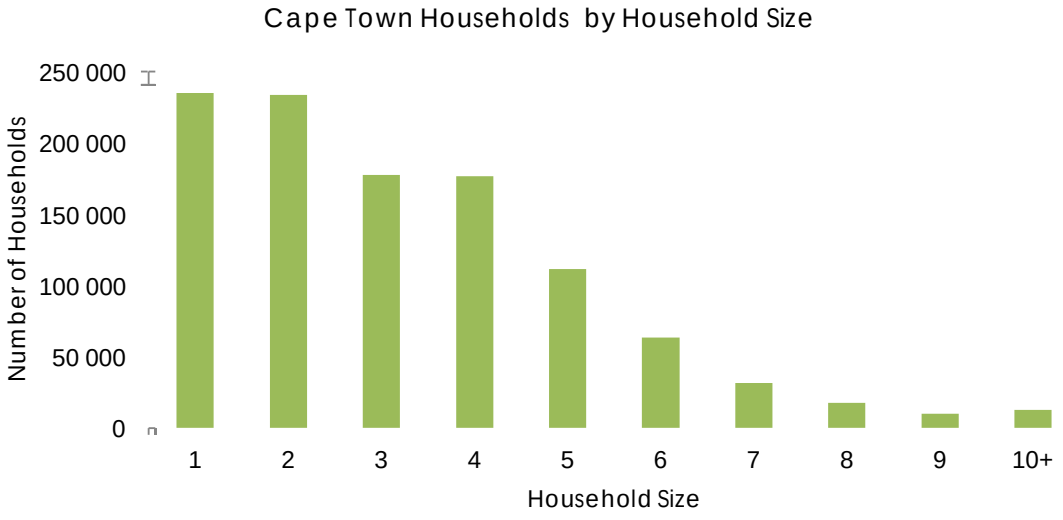


Figure 4.4: Distribution of Households in Cape Town by Household Size (Source: Hogarth 2015, Data: Stats SA 2011)

With these demand side issues and trends in mind, the following sections explore the supply side of the housing market in South Africa and Cape Town.

4.2.2 Supply Side Issues

Existing housing stock

The Census 2011 data on households by dwelling type and tenure status[4] provides a very useful structural disaggregation of the existing housing stock in Cape Town, presented in Figures 4.5 and 4.6 below:

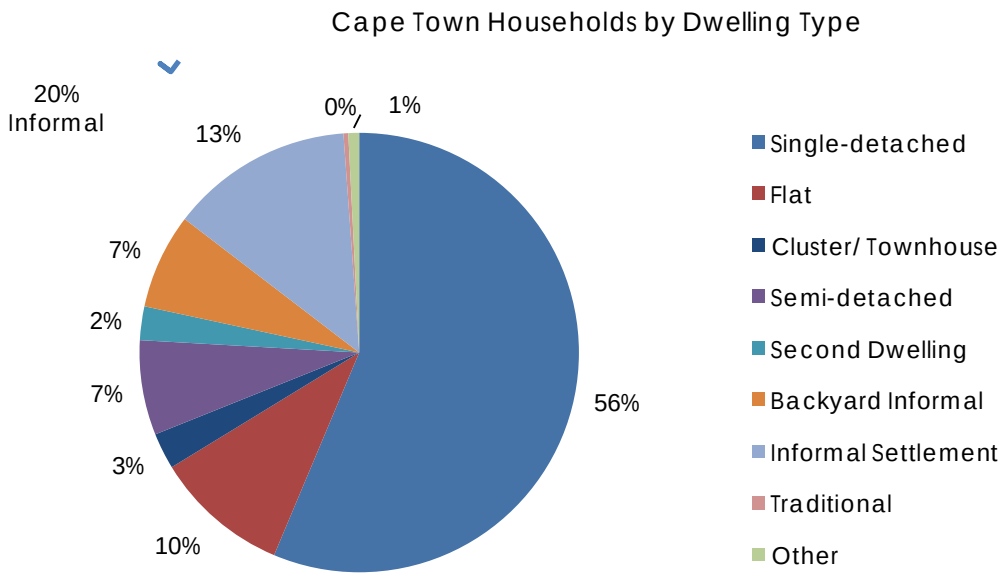


Figure 4.5: Households in Cape Town by Dwelling Type (Source: Hogarth 2015, Data: Stats SA 2011)

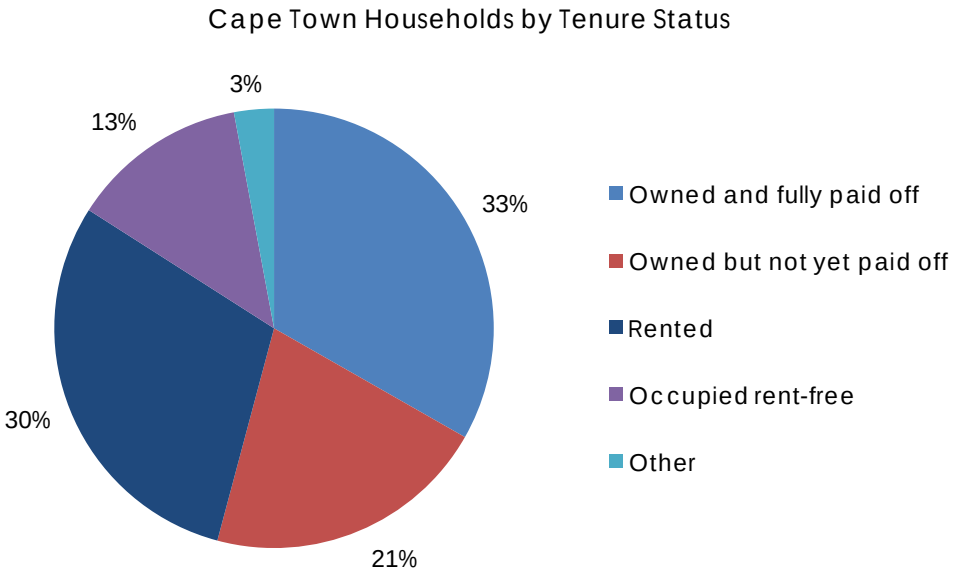


Figure 4.6: Households in Cape Town by Tenure Status (Source: Hogarth 2015, Data: Stats SA 2011)

[4] The Census 2011 Tenure Status question (H-04) refers to the main dwelling structure only, not the land.

In contrast to the demand side indicators discussed above, the existing housing stock is characterised by a dominance of single-detached typology (56% of the total), with very small proportions of flats (10%), townhouses (3%) and semi-detached (7%), while 20% of households are living in informal housing (either in an informal settlement or a backyard). Only 30% of households rent, which is low in international comparison (see Peppercorn and Taffin 2013 for country profiles), but this does not necessarily imply low demand for rental (as vacancy rates in rental housing are low) – rather, it is likely to reflect constrained supply of rental stock. The South African Census does not currently capture data on the split between public rental units, social housing, and private rentals, but the City owns approximately 43,500 public rental units plus 11,000 hostel beds (CCT 2013a). There are only an estimated 30,000 social housing units nationally (NASHO and AFD 2012), of which only a portion are in Cape Town (which is lagging behind both Johannesburg and eThekwini in social housing delivery) (NASHO and AFD 2013).

On the other hand, small-scale landlords provide the most important source of affordable rental accommodation (both formal and informal), housing 1.85 million (15% of) South African households, while generating rental income of approximately R421 million per month in 2006 (Shisaka and CSIR 2006). This is in line with international norms, where the majority of rentals are provided by private sector, particularly small-scale landlords (see Peppercorn and Taffin 2013). These small-scale landlords, as well as social and private institutional landlords, must be supported (CAHF 2015b). The importance of expanding the supply of quality, affordable rental stock is highlighted by the fact that the majority of South African renters are poor, with 55% having monthly incomes of less than R3,500 and another 22% between R3,500 and R5,000, while many (40%) live in poor conditions (Lachman 2012). In addition, rental supports higher density form, as it is more common in multi-unit dwelling types (most notably flats, but also townhouse, second dwellings and backyard dwellings) than in single-detached dwellings (Hogarth 2015).

Government-subsidised delivery

The prevalence of the single-detached, ownership housing model is largely a result of the housing supply being dominated by government-subsidised delivery in that form (for example, 75% of all delivery in 2010 was in the subsidised market) (CAHF 2013). However, the persistence of informal housing suggests that the pace of formal housing construction has not been sufficient (Lachman 2012). Despite impressive delivery in the subsidised market (over 3 million housing units in the 21 years since the introduction of the Reconstruction and Development Programme (RDP)), the national housing backlog is over 2 million units, and growing (CAHF 2013; 2015b). To compound the problem, the delivery of housing units (across all government programmes and provinces) is not meeting targets and has dropped drastically over the last few years, as shown in Figure 4.7, despite the overall budget allocation increasing considerably between 2008/09 and 2011/12 (Dawson and McLaren 2014).

Dawson and McLaren (2014) provide four key reasons for the recent decline in housing delivery. First, the revision of the National Housing Code in 2009 included updated national norms and standards, which increased the size and quality required and thus increased construction timelines and costs. Second, the 2007 decision by the Housing Minister to apply the full housing subsidy amount only to the top structure, with land and services funded from other sources by municipalities, has almost doubled construction costs and caused funding fragmentation and delays. Third, an estimated R400 million of the DHS

construction budget since 2010 has been spent on fixing already built RDP houses through the Rectification Programme. Fourth, it may reflect a late implementation of the shift in housing policy from the construction of complete subsidised houses to other housing opportunities, such as serviced sites, as envisaged in Breaking New Ground (2004). Clearly, given vast demand, a deteriorating delivery rate and unsustainable spending, the housing challenge will not be met by the state alone (FFC 2013; Dawson and McLaren 2014). To illustrate this, in Cape Town, the current direct delivery rate is 6,300 units per annum (serviced sites and top structures), compared to the estimated 50,000 units required per year to meet demand up to 2022 (Shisaka 2014).

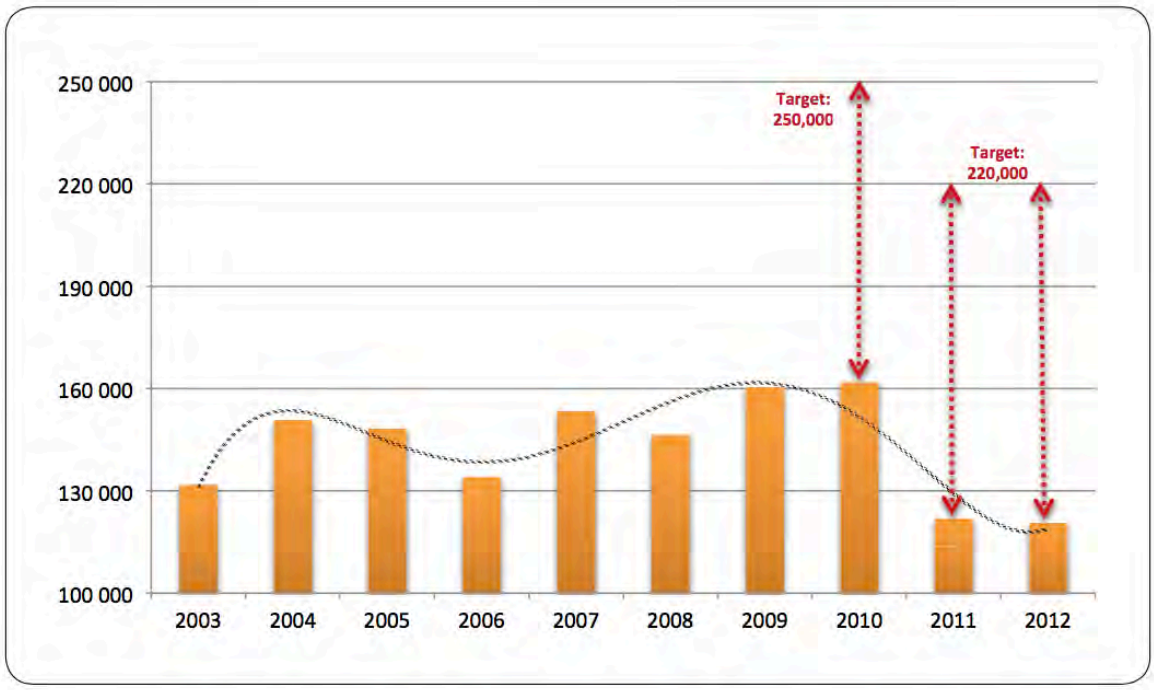


Figure 4.7: Government Housing Units Completed per Year, 2003 – 2012 (Source: Dawson and McLaren 2014: 64)

In addition to concerns over the scale of delivery, only half of the new houses built have been formally transferred to their beneficiaries, undermining the goal of asset creation for the poor, and in many cases the quality and location of these houses has been poor, undermining the goals of upliftment and socio-economic integration (Dawson and McLaren 2014; McGaffin et al 2015). Another key constraint to this delivery model is the availability of suitable, vacant land in the city, of which only 4% (436 ha) is in infill areas, and of this only 166ha is public land (Shisaka 2014). Nevertheless, the existing subsidised stock presents significant potential for resale to the low-income market, while the original beneficiaries move up the 'housing ladder', provided registration issues are resolved, sale restriction periods lapse or are lifted and, crucially, quality affordable stock is created to offer a next step (CAHF 2015b).

Private delivery and the 'housing gap'

Whereas government produced around 140,000 new housing units per year across the country from 2008 to 2013, private housing construction peaked in 2007 with 76,661 units completed, but this dropped to only 40,495 units in 2011, largely as a result of the recession dampening demand and restricting credit availability, a lack of serviced plots and a shortage of skilled construction labour (Lachman 2012; Dawson

and McLaren 2014). While the government's focus is (rightly) on those with no or very low incomes, the private sector is geared to providing housing for upper middle to high income groups, creating a significant and expanding working-class housing gap – a scarcity of small, good-quality units for people who would like to live in well-located neighbourhoods, both for sale and rent (FFC 2013; Lachman and Brett 2013; Dawson and McLaren 2014). This market segment is desperate for innovative solutions to provide quality rental housing that costs anywhere between R875 to R3,750 per month, or housing for sale that costs between R170,000 and R377,000 (CAHF 2015b: 7), creating a huge opportunity.

Affordable housing markets are often perceived as weak, stagnant, and risky, but when the performance of affordable housing market indicators (those areas where the average property value is less than R500,000, shown in the chart on the right in Figure 4.8) is compared to each city's entire housing market (on the left), it is clear that affordable property markets are outperforming and growing faster than the overall property market in those cities (CAHF and SACN 2014). This emphasises the opportunity that exists for viable private sector (institutional and small-scale) participation in the affordable market, particularly the working-class gap discussed above, through innovative housing products and delivery mechanisms that respond to affordability constraints and demand fundamentals. In short, we need a more creative approach to housing, which offers a variety of tenure options and typologies, including better-located, higher-density, smaller units; support for small- and large-scale private rental (Urban LandMark 2011b); and the redevelopment of existing buildings (Massyn et al 2015). Massyn et al (2015) recommend that new builds should target those able to afford the slightly higher price of better quality housing, in order to free up 'used' stock at the lower end of the market that has depreciated to more affordable levels.

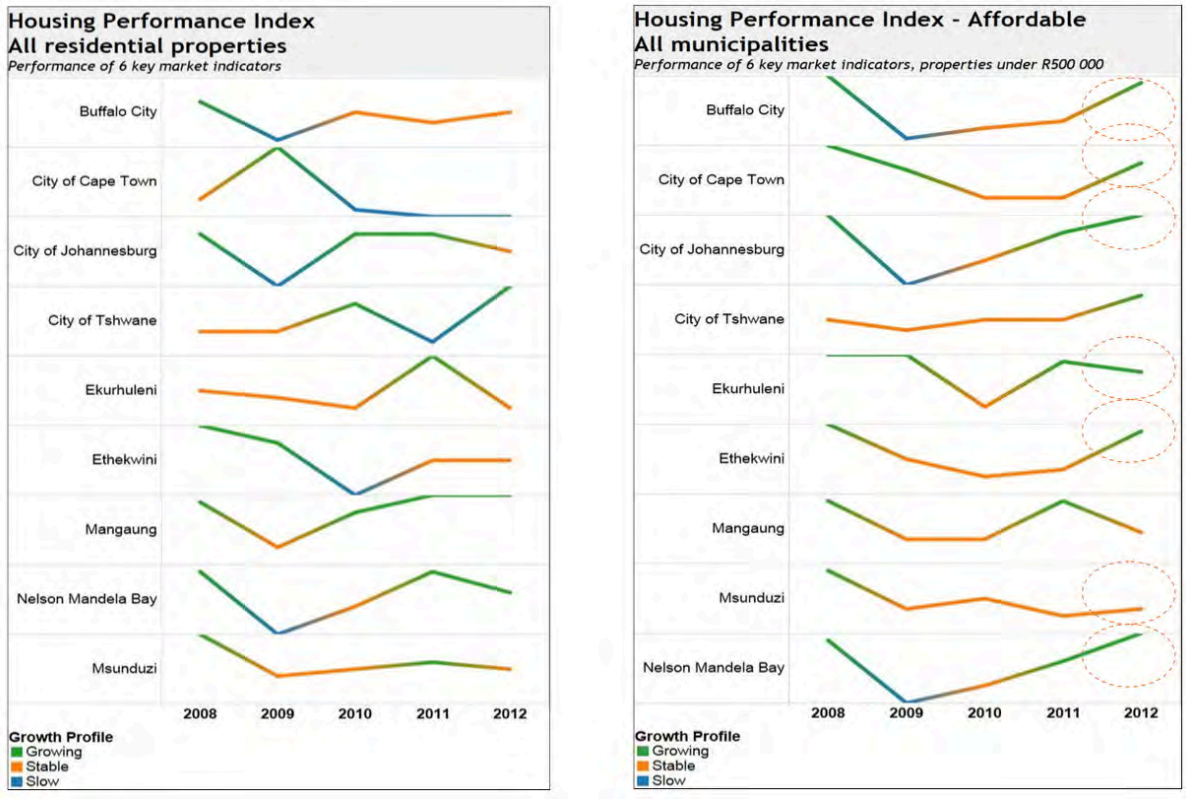


Figure 4.8: Affordable Housing Market Performance per City (Source: CAHF and SACN 2014: 15)

4.3 The National Policy and Legislative Context

The following sections briefly outline the policy and legislation most relevant to the delivery of well-located affordable housing in urban areas in South Africa today, with emphasis on certain enabling and constraining provisions regarding location and private sector participation. Given the urban focus of this dissertation, the largely rural-focused legislation is not discussed here. More detailed overviews of national housing policy and legislation can be found in Dawson and McLaren (2014) and Tissington (2011).

The right to housing is enshrined in Section 26 of the Constitution of the Republic of South Africa (1996):

> *26 (1) Everyone has the right to have access to adequate housing.*
>
> *(2) The state must take reasonable legislative and other measures, within its available resources, to achieve the progressive realisation of this right.*
>
> *(3) No one may be evicted from their home, or have their home demolished, without an order of court made after considering all the relevant circumstances. No legislation may permit arbitrary evictions.*

The normative content and timeframes of this right are not clear, but the Constitutional Court has indicated that the government must take positive, progressive measures, particularly on behalf of the most marginalised; that housing entails more than just bricks and mortar; and that the definition of 'adequate housing' depends on the specific circumstances of households and individuals, the type of housing, and, importantly, *the location* (Tissington 2011). Since 1994, the South African state has created a raft of legislation and policy to give effect to this right, and in doing so, help overcome the socio-spatial legacy of apartheid (Dawson and McLaren 2014).

The key housing policy and legislation includes (based on Tissington 2011; Dawson and McLaren 2014):

Key National Legislation:

- The Constitution of the Republic of South Africa (1996)
- The Housing Act (No. 107 of 1997)
- The Prevention of Illegal Eviction from and Unlawful Occupation of Land Act (PIE) (No. 19 of 1998)
- The Rental Housing Act (No. 50 of 1999)
- The National Norms and Standards (1999, revised in 2007)
- The Social Housing Act (No. 16 of 2008)

Key National Policy:

- White Paper on Housing (1994)
- National Housing Code (2000, revised in 2009)
- Breaking New Ground (BNG) (2004)
- Social Housing Policy for South Africa (2005)
- Framework for an Inclusionary Housing Policy (IHP) in South Africa (2007)
- Outcome 8 (2010)
- The National Development Plan (NDP) (2011)

The White Paper on Housing (1994)

The White Paper was influenced by the broad principles and targets of the ANC's Reconstruction and Development Programme (RDP) which committed the new ANC government to the delivery of one million subsidised houses in five years, through a once-off capital subsidy scheme which would provide households with an income of less than R3,500 per month with a house (planned and built by private construction companies) or serviced site on an ownership basis (Dawson and McLaren 2014). Although higher-density options were considered, there was little interest on the part of the state or private sector to manage the complexity of rental properties (especially given the conflicted history of state-provided rental housing and rental boycotts under apartheid), and sectional title schemes were seen as too difficult for the very poor to manage (Harrison et al 2008; McGaffin et al 2015).

Despite internationally unparalleled delivery, there is widespread recognition of the false assumptions and failures associated with the reliance on the fully-subsidised, single-detached, ownership model (see, for example, Gilbert 2002; Nell et al 2004; Watson 2006; Harrison et al 2008; Urban LandMark 2010; McGaffin et al 2015). Given the scale of the backlog and the urgency of the need, the focus was on quantity over quality (in both house construction and the resulting urban form). This, combined with the land-intensive typology, meant that little attention could be given to finding well-located and integrated sites, resulting in marginalised ghettos inhabited solely by the urban poor, exacerbating socio-spatial inequalities (Harrison et al 2008; McGaffin et al 2015). To make matters worse, the design of the typical subsidised house, in the centre of the plot with a pitched roof and cheap foundation, undermines the potential for incremental consolidation and densification by households (McGaffin et al 2015).

The Housing Act (1997)

The Housing Act is the primary piece of housing legislation in South Africa. It legally entrenched policy principles outlined in the 1994 White Paper on Housing and the role of local government in housing provision (Tissington 2011). It defines 'housing development' as "the establishment and maintenance of habitable, stable and sustainable public and private residential environments to ensure viable households and communities *in areas allowing convenient access to economic opportunities, and to health, educational and social amenities*…". According to section 10A of the Housing Act, an owner of a state subsidised house or serviced site may not sell the dwelling or site within a period of 8 years from the date that the property was acquired. This was intended to protect beneficiaries from 'downward raiding', but has had the unintended consequence of impeding household mobility and secondary transactions, so BNG (2004) made provision (not yet enacted) for an amendment to 5 years.

The Prevention of Illegal Eviction from and Unlawful Occupation of Land Act (PIE Act) (1998)

The PIE Act is an important piece of national legislation enacted to give effect to section 26(3) of the Constitution. The Act stipulates a number of procedural requirements for evictions to be lawful, pertaining to both private bodies and the state, allowing courts to refuse to grant an eviction where it would not be "just and equitable" to do so and, in cases where homelessness may result, to require the provision of alternative accommodation (Tissington 2011). While this Act certainly protects some tenants from eviction, it may inadvertently reduce access to affordable rental accommodation, since landlords may ensure stricter admission criteria due to the costs and difficulties of eviction (Mayson and Charlton 2015).

The Rental Housing Act (1999)

The Rental Housing Act regulates the relationship between landlords and tenants in all types of rental housing, including the establishment of provincial Rental Housing Tribunals to resolve disputes. Section 2(1)(a)(i) of the Act stipulates that it is the government's responsibility to "promote a stable and growing market that progressively meets the latent demand for affordable rental housing among persons historically disadvantaged by unfair discrimination and poor persons, by the introduction of *incentives, mechanisms and other measures that improve conditions in the rental housing market*" (Tissington 2011). The Rental Housing Amendment Bill (2014) requires all lease agreements to be formalised in writing, with certain stipulations, intended to protect the rights of both tenants and landlords, but the formality and longer lease terms may actually decrease affordability and/or mobility (Mayson and Charlton 2015).

The National Norms and Standards (1999, revised in 2007)

As a result of poor quality construction of subsidised houses, the Minister of Housing introduced the National Norms and Standards in 1999, which were revised in 2007 (contained in the 2009 National Housing Code). All stand-alone houses constructed through the National Housing Programmes must at least comply with these norms and standards, comprising standards for water, sanitation, roads, storm water and street lighting, as well as for the top structure, including:

- minimum gross floor area of 40m^2;
- two bedrooms;
- separate bathroom with a toilet, a shower and hand basin; and
- combined living area and kitchen with wash basin.

The routinized increase in the minimum requirements, while well-intentioned, has caused an increase in costs per unit, coupled with a decline in the number of units produced, often forcing development onto cheaper, more peripheral land (as the variable input) (McGaffin et al 2015; Dawson and McLaren 2014). Crucially, it also 'squeezes out' private developers providing housing products at the next level up.

Breaking New Ground (BNG) (2004)

In September 2004, BNG was adopted by the Cabinet as a revised framework for the development of sustainable human settlements (along with the department's name change from 'Housing' to 'Human Settlements'), acknowledging the issue of spatial form and the need for improved urban neighbourhoods (McGaffin et al 2015). However, the simultaneous and somewhat contrasting pressure to offer an improved individual product, which is technically and politically easier to implement, has meant that BNG lacks clear strategic direction, so its 'paradigm shift' has borne few substantive changes in housing approach (Tissington 2011; McGaffin et al 2015). Nevertheless, BNG at least acknowledged the need for greater integration, densification and flexibility, and introduced a shift from the delivery of RDP houses to a broader range of housing programmes, including the Integrated Residential Development Programme (IRDP), the Upgrading Informal Settlements Programme (UISP), and the Social Housing Programme (SHP), with significant emphasis on *social housing as a catalyst for spatial integration and urban regeneration* (CAHF 2012; Dawson and McLaren 2014). Importantly though, there is currently no national urban regeneration policy to support this, and as a result local regeneration strategies tend to be weak in terms of social and affordable housing, particularly in implementation (NASHO and HDA 2013).

National Housing Code (2000, revised in 2009)

The National Housing Code, first published in 2000 in accordance with the Housing Act, set out the underlying policy principles, guidelines, norms and standards which apply to the National Housing Programmes (Tissington 2011). After the adoption of BNG, the Code was revised in 2009 to include the housing programmes listed below (based on Tissington 2011; Dawson and McLaren 2014).

National Housing Programmes

Financial Programmes

- Individual Housing Subsidies
    - Including the Finance-linked Individual Subsidy Programme (FLISP)
- Enhanced Extended Discount Benefit Scheme (EEDBS)
- Social and Economic Facilities
- Accreditation of Municipalities
- Operational Capital Budget (OPS/CAP)
- Housing Chapters of IDPs
- Rectification of Pre-1994 Housing Stock

Incremental Housing Programmes

- Integrated Residential Development Programme (IRDP)
    - Objective is to facilitate housing in *well-located areas* with access to urban amenities
- Enhanced People's Housing Process (ePHP)
- Upgrading Informal Settlements Programme (UISP)
- Consolidation Subsidies Programme
- Emergency Housing Assistance/Programme

Social and Rental Housing Programmes

- Institutional Subsidies Programme (ISP)
    - Provide rental housing accommodation to lower end of the market
    - Provide grant funding to social housing institutions
- Social Housing Programme (SHP)
    - Applies only to *restructuring zones*
    - Provides grant funding to establish, capacitate and capitalise social housing institutions in order to develop, hold and administer affordable rental units
    - Two aims: *urban regeneration and urban restructuring*
- Community Residential Units (CRU)
    - Replaces national hostel re-development programme
    - Provides rental accommodation to very low income sector (R800 to R3,500 per month)
    - Funding for development or refurbishment of housing stock that remains in public ownership – not sold or transferred to individual residents

Rural Housing Programmes (not covered here)

For a detailed analysis of the above-mentioned programmes, see Tissington's (2011) review, which discusses the major shortcomings around their implementation. Figure 4.9 below provides an illustration of four of the major programmes, showing the different income bands targeted by each. The 'Free Basic House' (FBH) has already been discussed, so the CRU, SHP and FLISP programmes will be briefly explained.

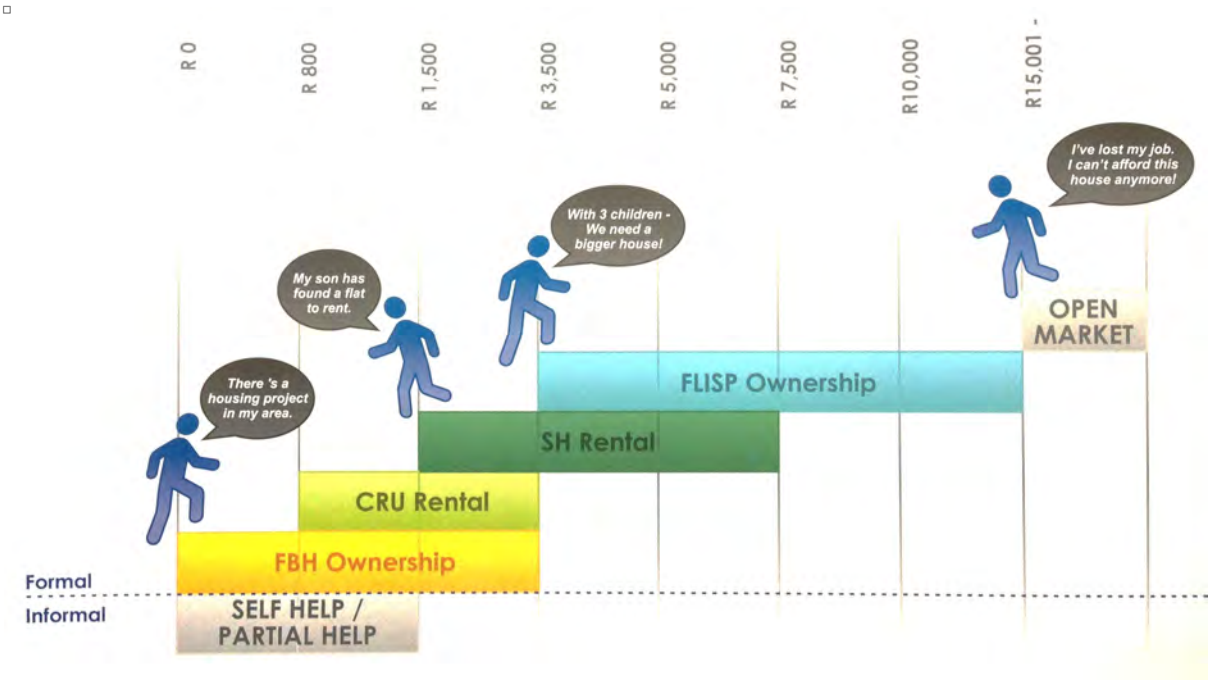


Figure 4.9: Housing Subsidy Programmes by Income Band (Source: Del Monte and van der Mey 2013: 2)

Unfortunately, the 'housing ladder' notion implied by this figure is constrained by the limitation that beneficiaries may not benefit from a government housing subsidy if they have previously benefitted.

Qualifying criteria for housing subsidy programmes

The central generic qualifying criteria which must be fulfilled by those applying for any state housing subsidy (excluding additional criteria that apply to each subsidy programme), as outlined in the National Housing Code (2009), are summarised as follows:

- Citizenship: applicant must be a citizen of the Republic of South Africa, or be in the possession of a Permanent Resident Permit
- Competent to contract (legally)
- Not yet benefited from government funding
- First time property owner (with certain exceptions, such as disabled people)
- Married or with financial dependants (single person households are not eligible, except for military veterans, aged or disabled persons)
- Monthly household income must be within a certain income band for each programme

Community Residential Units (CRU)

The CRU programme intends to provide rental accommodation to very low income households (R800 to R3,500) who are not able to enter the formal private or social housing market (Tissington 2011). CRU

housing stock is publicly owned, either by province or municipality, and managed by the owner or a Social Housing Institution (SHI), with upfront and maintenance capital costs covered through subsidies, and rents set at a level that covers operating costs but also ensures affordability to the target market (which can be problematic) (Tissington 2011; Del Monte and van der Mey 2013). Units are required to be self-contained, which limits design innovation (Mayson and Charlton 2015). Also, government capacity to develop and manage this stock is constrained, so implementation has been poor (Tissington 2011) and the current strategy in Cape Town is to dispose of as many units to tenants as possible (Shisaka 2014).

The Social Housing Programme (SHP) and the Social Housing Act (2008)

The Social Housing Act provides the legal framework for the implementation of the Social Housing Policy approved in 2005, which translates into the SHP. The Act defines social housing as:

> *a rental or co-operative housing option for low to medium income households at a level of scale and built form which requires institutionalised management and which is provided by social housing institutions or other delivery agents in approved projects in designated restructuring zones with the benefit of public funding.*

Key characteristics of social housing, as per the Act and current regulations and practice, include:

- The primary target income band is R1,500 to R3,500 (a minimum of 30% of the units must be in this band); while the secondary target income band is R3,501 to R7,500 (to allow a mix of income);
- Rentals of social housing stock should be 30% of gross household income, requiring a rental band from R500 to R2,500 at point of entry, but the top end is capped at R2,200;
- A Social Housing Institution (SHI) can be private or municipality-owned entities, operating on a profit or not-for-profit basis with the primary objective of developing and/or managing stock;
- To qualify for public funding support, SHIs or private sector landlords must be accredited and social housing projects approved by the Social Housing Regulatory Authority (SHRA);
- The two key funding streams available for social housing are the Restructuring Capital Grant (RCG) administered by the SHRA and the Institutional Subsidy (IS) administered by provinces;
- These two subsidies typically cover around 60 to 70% of development costs, which means that at least another 30% (mostly private) capital is leveraged through debt and equity;
- Social housing is specifically identified as a tool for spatial integration and urban restructuring, so to quality for the RCG, developments must be located in *Restructuring Zones (RZs)*, which are geographic areas identified by the municipality, with provincial concurrence, intended to be *well-located* and aligned with other tools such as Urban Development Zones (UDZs), inner city revitalisation strategies, IDPs, and development nodes and corridors.
- Social housing often includes community development programmes, social services and public space improvements, contributing to stabilisation and regeneration of an area;
- Social housing units must be self-contained and a minimum of 30m^2;
- Projects are generally medium- to higher-density (60 to 200 units/ha or more), usually in two- to four-storey walk-ups (with no lifts), but high-rise blocks are increasingly common; and
- There is potential for mixed-income and mixed-use development, including commercial and even light industrial uses (with subsidies only available on the targeted residential portion) (CAHF 2012: HDA 2012; NASHO 2012; NASHO and AFD 2012; NASHO and HDA 2013).

The Policy encourages the *involvement of the private sector*, in the following potential roles:

- As Developer of Stock: either on a turnkey basis or develop-and-sale to an SHI;
- As Social Housing Institution: to mobilise the significant private sector property management capacity into the social housing market;
- As Social Housing Financiers: providing funding for projects and SHIs; and
- As Financial Product Providers: for example, guarantees and insurance products.

Sadly, despite promising principles and potential, private sector participation has been limited and the social housing sector is currently in crisis. Current challenges facing the sector include:

- The capacity of the SHRA appears inadequate to perform its crucial functions of oversight and disbursement of the RCG to financially viable, well-located social housing projects (FFC 2012);
- The capacity of emerging SHIs in terms of financial and company management is lacking;
- The RZs have been too loosely applied (in some cases across entire municipalities, but not Cape Town), resulting in projects which are not integrated or well-located (NASHO and HDA 2013);
- Social housing projects tend to be developed on an ad-hoc basis, not as part of a programmatic or precinct-based regeneration strategy (NASHO and AFD 2012; NASHO and HDA 2013);
- The RCG subsidy quantum has remained unchanged since 2008, while capital and operating costs have escalated, along with the high costs of well-located land (see NASHO 2014a);
- The target income bands have also remained static, while the wages of the targeted market of employed workers have increased (more or less in line with inflation, so buying power has not increased), which means social housing is no longer available to some of those who need it, and it is increasingly difficult to find employed workers earning within the primary target band (see NASHO 2014b for a full discussion of this); and
- The above two constraints have resulted in SHIs setting rents at the upper end of each target income band in order to cover costs, creating a shortage of social housing opportunities for households with incomes between R3,501 and R5,000 (NASHO 2014b).

As a result of the above challenges, NASHO has recommended, inter alia, that:

- The RCG subsidy is increased from R125,615 to R154,000 for the 2014 – 2015 financial year, and increased annually (indexed to construction inflation of medium density housing);
- Theses increases are evaluated against the value that social housing provides beyond simply shelter (restructuring and regeneration);
- The monthly income band at point of entry for CRU stock is revised to R1,500 to R4,000;
- The monthly income range for Social Housing is revised to R4,000 to R10,000;
- The mechanism of 30% primary and 70% secondary target income bands is restructured to ensure the income range of R4,000 to R5,500 is not squeezed out;
- The impact of social housing is likely to increase with stronger integration into city programmes for urban regeneration that incorporate other components alongside social housing; and
- Long term, sustainable financing alternatives are required, which could include: subsidised loan finance through government support and guarantees; operational subsidies; household subsidies (through indigence schemes); and government-led equity investment in SHIs (NASHO and AFD 2012; NASHO 2014 a and b).

The Finance-linked Individual Subsidy Programme (FLISP)

The FLISP provides access to a once-off capital subsidy for qualifying households, earning between R3,501 and R15,000, who secure an approved home loan and wish to acquire a house or serviced residential stand (either in the normal secondary housing market or as part of a new development not financed through one of the National Housing Programmes) (Tissington 2011). The subsidy amount (paid to the bank) varies depending on income, between R87,000 for a household earning between R3,501 and R3,700, to R20,000 for those between R14,901 and R15,000. It is intended to make loan repayments more affordable (Del Monte and van der Mey 2013) and thus encourage private sector to increase provision of mortgages to this market (FFC 2013). Due to the small quantum at the top end, the impact is minor, and according to the Medium Term Strategic Framework, only 70,000 FLISP-backed loans are expected over the next five years; far fewer than the size of the target population would suggest (CAHF 2015b). Most concerning is that the FLISP is currently being used to subsidise households who already qualify for a home loan, and thus is not achieving the desired impact of extending finance 'down-market'.

Similar to the SHP, the fairly static subsidy quantum and income bands are creating problems. Van der Mey (2015) explains that, due to escalating construction costs and costs of living, a 'double gap market' is emerging – the first group, earning between R3,501 and R6,000 is unable to access homes on the market even with the FLISP, and the second group, earning between R15,000 and R20,000 (and therefore not eligible for the FLISP) cannot afford the currently available unsubsidised housing. Van der Mey (2015) therefore recommends a thorough investigation and the following interim adjustments:

- FLISP income bands expanded to R3,500 to R20,000 per month; and
- FLISP subsidy quantum increased by 7% per annum.

Outcome 8: Sustainable human settlements and improved quality of household life (2010)

National government's Programme of Action identified 12 'Outcomes' which reflect various delivery targets for the period 2010 to 2014. The Minister for Human Settlements entered into a Performance Agreement with the President regarding Outcome 8, which includes the following targets (not all met):

- Output 1: Accelerated delivery of housing opportunities:
    - Upgrading of 400,000 households in informal settlements;
    - Accreditation of municipalities to perform the housing function
- Output 2: Access to basic services:
    - Provision of universal access to adequate sanitation by 2014.
- Output 3: Land assembly and effective utilisation:
    - Release of 6,250 ha of land vested nationally or provincially for settlement development;
    - Increased urban densities to 60 dwelling units/ha;
    - An approved land use management framework.
- Output 4: Improved affordable property market:
    - Provision of *80,000 well-located rental accommodation units by 2014*;
    - Establishment and implementation of a Mortgage Insurance Guarantee Scheme to deliver 600,000 housing finance opportunities by 2014;
    - Revised Finance-linked Individual Subsidy Programme (FLISP) to be responsive to the challenges in the affordable (gap) market.

The target of 80,000 rental units is broken down as follows (CAHF 2012):

- Social Housing Programme: 24,312 units by 2014.
- Institutional Housing Subsidy Programme: 8,487 units by 2014.
- Community Residential Unit Programme: 20,000 units by 2014.
- Private Sector Rental Housing (including small-scale and larger corporate sector landlords): 26,600 units by 2014.

While the estimated number of social housing units nationally is now around 30,000, much higher delivery levels of well-located units are required to make a real impact (NASHO and AFD 2012).

The National Development Plan (NDP) (2011)

The NDP vision for human settlements proposes that (NPC 2011):

> *by 2050 visible results from effectively coordinated spatial planning systems shall have transformed human settlements in South Africa into equitable and efficient spaces with citizens living in close proximity to work with access to social facilities and necessary infrastructure.*

Framework for an Inclusionary Housing Policy (IHP) in South Africa (2007)

The 2007 IHP Framework emanates from the 2005 Housing Indaba, where the government and private sector agreed to jointly accelerate housing delivery (Tissington 2011). It defines inclusionary housing as:

> *the harnessing of private initiative in its pursuit of housing delivery to middle/higher income households to also provide (include) affordable housing opportunities in order to achieve a better socio-economic balance in residential developments and also contribute to the supply of affordable housing.*

Aside from offering important symbolic support for more integrated and inclusive development, this policy has faced much contention and is argued to only have limited potential in the South African context, given the small proportion of households able to fuel high-end demand, vast income inequalities which create 'housing price cliffs', and the induced disincentive for development, and thus has not (yet) been legislated (Tissington 2011; Klug et al 2013; Massyn et al 2015).

4.4 Conclusion

Despite numerous pieces of housing policy and legislation, many of which recognise the need to shift towards more demand-driven, flexible and well-located housing options for a wide range of households, in partnership with the private sector; many regulatory barriers have in fact been created, which hinder the innovative and sustainable delivery of well-located, affordable units; distort the functioning of the housing market; and create patterns of dependency. In the face of a persistent and complex housing challenge, what is needed is a more comprehensive, rather than reactive or politically-driven, approach to housing programmes, which seriously engages with the realities of urban economics and land markets, and provides appropriate mechanisms for different market segments, with regular adjustments.

Chapter 5: Lessons from Well-located Affordable Housing Developments in South Africa

5.1 Introduction

The following sections provide a brief overview of the key facts of four very different housing projects. All are fairly recent (post-apartheid) South African developments, but they differ widely in scale, urban context, product, and delivery, covering a range of housing programmes, types of developer and lessons for future public intervention. Each project is introduced based on McGaffin's (2014) framework for understanding markets: product, user and supplier (delivery). The impact and lessons of each are briefly discussed here, and then, along with the interview and workshop findings, drawn into the next chapter.

5.2 106 Adderley Street, Cape Town

The following information is sourced from a development report (Eurocape 2015), and a site visit with representatives of Eurocape and Student at Home on 17 July 2015.

Figure 5.1: 106 Adderley Street exterior impression, typical floor plan and studio unit (Source: Eurocape 2015)

5.2.1 Product

Location: 106 Adderley Street and 97 St. George's Mall, Cape Town CBD

Building type and number of housing units: 14-storey mixed-use high-rise (13 500 m^2) with approximately 50 beds per floor (floors 4 to 9) plus 'higher-end' apartments (10 to 13) (approximately 350 units in total).

Unit size and design: Very small studio units (see Figure 5.1) from 12m^2 including bathroom and kitchen, as well as multiple bedroom (shared) apartments up to 50m^2 with communal lounge and recreation

facilities. Due to high market demand for single studios, the focus of later phases (floors 6 to 9) is 15m^2 studio units. Fully furnished, with laundry, 24-hour security, CCTV, biometric access, DSTV and WiFi.
Tenure and price: Rentals range from R4,500/month for a bed in a shared apartment to R6,000/month for a studio, which is very high per m^2 (over R300/m^2) even compared to prime office rentals in Cape Town.
Non-residential uses: Ground floor retail (Mr Price); International Hotel School on floor 2 and part of floor 3; and refurbished office space on level 3 which may suit a call centre or co-working space.

5.2.2 User

Target market: Primarily 'higher-end' students (single person households) and potentially young professionals (singles and couples, age 25 to 34, not low-income).

5.2.3 Delivery

Development: Private developer and owner (Eurocape)
Operation: Partnership with student accommodation rental manager (Student at Home), who signs a head-lease per floor, and sub-leases units for one year with rental payment required upfront either annually or bi-annually (risk minimisation strategy).
Funding: Financed privately by developers using bank loans and equity.
Phasing: Developed, funded and let floor by floor, starting in 2014 and due to end in 2016.

5.2.4 Impact and Lessons

Impact: The completed floors are fully let, indicating a healthy demand for high quality, small rental units. Retail on the ground floor allows a relationship with the street. Student accommodation arguably has a positive impact on the inner city, as thresholds for creative and social activities increase. Conversion of office space to residential supports improved vibrancy of the inner city at night, reduces pressure on saturated office property market and under-supplied residential market, and helps alleviate commuting and congestion into the inner city. Due to limited competition in this niche, rentals are very high. It does not address the need for cheaper accommodation for non-student low-income households, but it proves that small units can be attractive and liveable, locally feasible, and lucrative for private developers.
Public interventions: The development benefits from the national Urban Development Zone (UDZ) tax incentive, an accelerated depreciation allowance which reduces taxable income of the owner, amounting to 30% of the purchase price over a five-year period.
Other enabling factors: The building was purchased by the developer at a depreciated price (before the reversal of inner city decay and during a property market depression), and held until market recovery. Conversion of an old office building with a reinforced concrete structure allowed time and cost savings. The student market requires minimal parking, is willing to accept small units and shared facilities, and may have income support.
Challenges: Even when building floor plans are repeated, each new approval takes 4 months. According to the developer, there is generally a lack of trust, understanding and co-operation between public officials and the private sector, which impedes innovation. Smaller studios are costlier in terms of services (kitchens and bathrooms), but preferred by students to multiple-occupancy.

5.3 Steen Villa, Steenberg, Cape Town

The following information is sourced from a site visit with Marten Govender (SOHCO) on 16 September 2014, followed by email correspondence, as well as NHFC (2015), SOHCO (2015) and SALGA (2012).

Figure 5.2: Steen Villa Social Housing Complex (Source: NHFC 2015)

5.3.1 Product

Location: Located on Military Road, Steenberg (a relatively high-income area), directly adjacent to the Steenberg Station, with bus and taxi routes, providing access to economic hubs, and proximity to many religious, educational, recreational, and other community facilities.

Building type and number of housing units: A secure complex of newly constructed 1, 2 and 3 storey blocks arranged around courtyard spaces, with 700 units (approximately 95 dwelling units per hectare).

Unit size and design: A range of 30m^2 studios (30% of the development), 33 to 37m^2 1-bedroom units (30%) and 42 to 47m^2 2-bedroom units (40%), with parking, DSTV connection and 24-hour security. Smaller units are being considered for future developments where land is scarce and/or very expensive.

Tenure and price: Rentals are calculated as 30% of gross household income, roughly ranging from R800 for a studio to R2,200 for a 2-bedroom apartment (excluding utilities).

Non-residential uses: None in the complex.

5.3.2 User

Target market: Low income households who qualify for social housing (30% in the primary target band of R1,500 to R3,500, and 70% in the secondary band of R3,501 to R7,500). Many households have 'non-traditional' and/or changing dynamics, such as a high proportion headed by single mothers, a grandparent, young couples starting a family, and families with special needs such as the disabled,

5.3.3 Delivery

Development: Non-profit social housing institution (SOHCO) with external project management help.

Operation: Managed by SOHCO, with management offices on site. Environmentally friendly design and solar water heaters allow for operating cost savings (passed on to tenants). Pre-paid electricity meters are used. SOHCO encourages the formation of neighbourhood groups, as a platform to discuss issues and participate in the smooth running and safety of the complex.

Funding: Financed by social housing subsidies and loan funding provided by the NHFC (National Housing Finance Corporation) and DIGH (Dutch International Guarantees for Housing).
Phasing: Phase 1 consisted of 450 units, followed by another 150, and then a final 100 units in 2013. Phasing allowed for risk minimisation and for lessons learnt in Phase 1 to be incorporated into design "tweaks", improved construction and cost trimming. Risks are further diversified by acting across three regions.

5.3.4 Impact and Lessons

Impact: The excellent design and location of the project has been instrumental, not only in spatial integration at project level, but also in overcoming negative perceptions of social housing. Time and money saved through good location (up to R600 per month and 1 and a half hours per day) frees up time and money to spend productively, with family, and for community and recreational activities.
Public interventions: The development benefits from supply-side capital grants (RCG and IS), and the land was made available on a 30-year lease from the City of Cape Town. The City has signed five-year 'Smart Partnership' agreements (initially in 2005, renewed in 2010) with SHIs, including SOHCO, Communicare and the Cape Town Community Housing Company (CTCHC), in terms of which the SHIs develop and manage the rental stock, while the City provides land or buildings through leasehold or sale at reduced cost; access to subsidies; rates and building plan fee rebates and fewer administrative hurdles (SALGA 2012). This institutional structure allows each partner to do what it does best, while sharing risk, allowing for long-term financial planning, and removing short-term development profit incentives.
Other enabling factors: The project benefitted from political championing from the ward councillor of Steenberg at the time. The scale allowed for cost efficiencies.
Challenges: The allocation of parking (0.5 bays/unit) is excessive, leading to lost space (Figure 5.3) and economic inefficiencies. The unused parking areas have been offered to the City as a 'park-and-ride' for the station. Initially, there was some NIMBY opposition from the wealthy surrounding areas, due to concerns of properties losing value and anti-social behaviour (as lower income, higher density rental housing was associated with badly managed apartheid council flats), as well as opposition from an association of poor residents disputing the fact that houses would not be given away (SALGA 2012). In other developments, SOHCO has battled with rental boycotts as a result of 'free housing' expectations. The ward councillor played an active role in easing fears and overcoming negative perceptions, by convening a number of meetings and open days, with images and plans, to address concerns.

Figure 5.3: Excessive Parking Areas at Steen Villa (Source: NHFC 2015)

5.4 Walmer Link, Port Elizabeth

The following information is sourced from a site visit with Lance Del Monte (Metroplan PE and The Home Market) on 12 August 2015, followed by email correspondence, and documentation by Del Monte (2015); GMSAF (2015a and 2015b) and Van der Mey 2015.

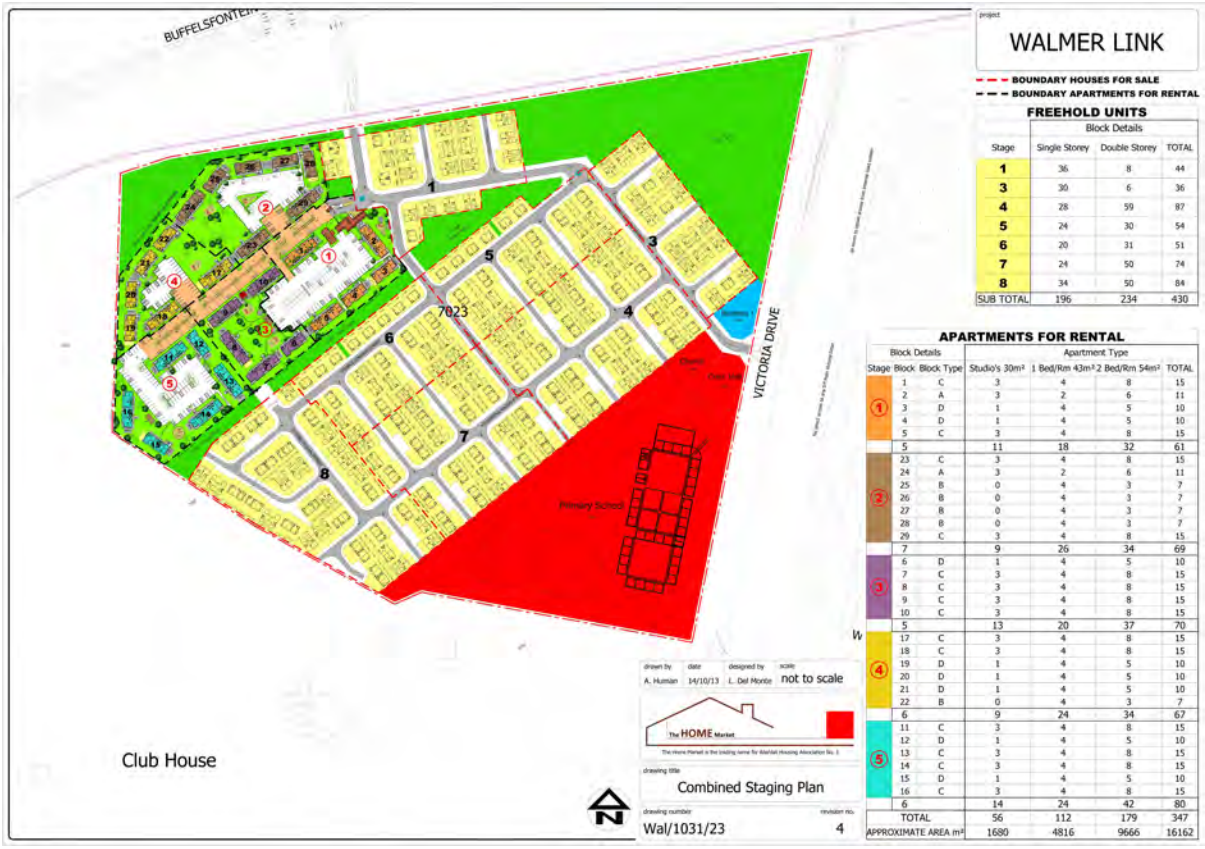


Figure 5.4: Walmer Link Site Plan (Source: Lance Del Monte, personal email communication, 2015)

5.4.1 Product

Location: Situated on the corner of Victoria Drive and Buffelsfontein Road, Walmer, Port Elizabeth (PE), close to employment opportunities, social facilities and public transport routes.

Building type and number of housing units: Mixed-income (low to medium) greenfield development (15ha) consisting of a 3 and 4-storey walk-up social housing complex (347 apartments at 115 du/ha), and single and double storey, semi-detached 'affordable' houses (430 houses upon completion at 80 du/ha).

Unit size and design: Social housing: unfurnished apartments including a mix of 30m^2 studios (16% of total units), 43m^2 1-bedroom apartments (34%) and 54m^2 2-bedroom units (50%).

Affordable housing: from a 44m^2 single-storey 2-bedroom semi-detached house on a 122m^2 plot, to a 63m^2 double-storey 3-bedroom semi-detached house on a plot of 113m^2 to 166m^2 (see Figure 5.5).

Tenure and price: Social housing: rentals between R800 and R2,500 (excl. water, electricity & parking).

Affordable housing: current sale prices are between approximately R240,000 for a 44m^2 house (R5,500/m^2) and R360,000 for a 63m^2 house (R5,700/m^2), which have escalated at roughly 7% since 2012, but are remarkably low compared to other developments in South Africa.

Non-residential uses: The site plan (see Figure 5.4) provides for a primary school, church, community hall, public open space (sports fields/flood detention), and a small business node at the entrance.

5.4.2 User

Target market: Low to medium income, with stable employment. The social housing portion targets households with an income between R2,500 and R7,500 per month. The 'affordable housing' component originally targeted households able to access the FLISP subsidy, namely first time home buyers earning between R3,501 and R15,000, who are able to access a mortgage. However, given rising construction costs and affordability constraints, households with incomes between R6,000 and R20,000 are now targeted. A recent survey of the Walmer Link community (GMSAF 2015b) found that household size of 2 (32%) was most common, most household heads are in their 30's (34%), and 51% of households are single-headed.

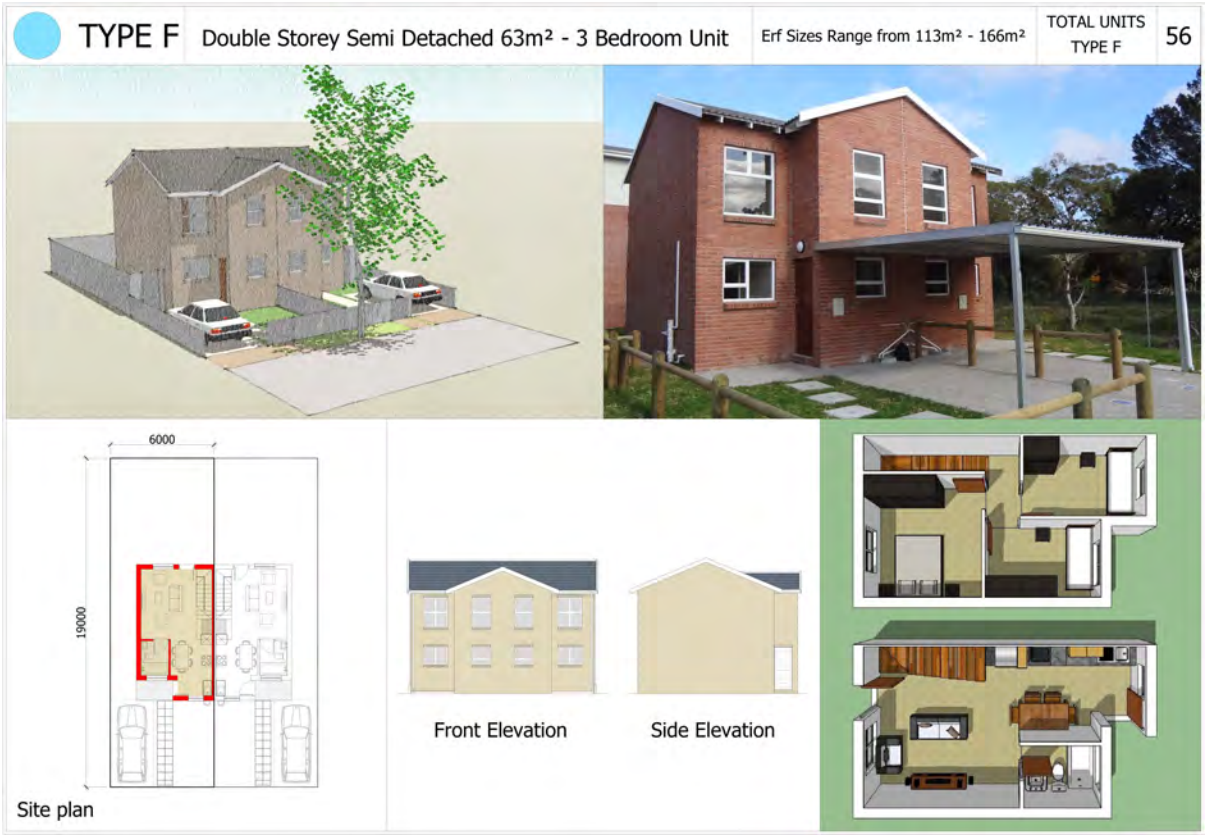


Figure 5.5: Walmer Link Housing Typology (Source: Lance Del Monte, personal email communication, 2015)

5.4.3 Delivery

Development: Non-profit developer (The Home Market), a special purpose vehicle set up by General Motors SA (Pty) Ltd through the GM South Africa Foundation (GMSAF) to develop innovative affordable housing projects for replication (a "Corporate Social Action" approach, see Matlock 2013).

Operation: Social housing sold to Imizi Housing Association (a SHI), who manage rental and maintenance. A community association is being considered for the freehold housing. Solar water heaters allow for energy cost savings.

Funding: A public-private partnership funded through public infrastructure grants and partial housing subsidies (SHP and FLISP), plus private bank loans and a significant (R16 million) interest-free, revolving bridging loan from the GMSAF.

Phasing: Construction started with the social housing in 2011, completed in 2013. The freehold units are currently being developed in 8 stages, now around 50% complete and due for completion in 2016.

5.4.4 Impact and Lessons

Impact: The mixed-income, mixed-race, mixed-tenure nature of the project has won numerous awards. Its location next to the high-income Walmer suburb, as well as the Gqebera Township (a mix of informal settlement and fully-subsidised houses), allows for some spatial integration across incomes and races at the neighbourhood and city scales. A restructuring impact study of the social housing at Walmer Link reflected a healthy mix of race and integration of people who had previously lived in very different areas, often much further from economic and social opportunities. The freehold housing market appears stable, with no foreclosures and only 1 resale in 3 years.

Public interventions: The social housing portion benefits from supply-side capital grants (SHP), while the 'affordable housing' benefits from demand-side subsidies (FLISP), with infrastructure grants (IRDP) also received. The municipality provided land at a nominal cost, and accepted lower parking ratios for the social housing (initially at 1 bay/unit, but special consent was received for 0.3 bay/unit in later phases).

Other enabling factors: Large scale, density, modular design and standardised finishes (though with some choices) allows for economies of scale; GMSAF funding allowed for upfront funding hurdles to be overcome and expedited construction; show houses and a sales office on site allowed for beneficiary engagement prior to full construction and assistance to be provided in the FLISP and mortgage process; PE is a relatively small city, so good location is perhaps easier to achieve; significant political support.

Challenges: The mix of incomes and typologies on site theoretically allows households to move up and down the housing ladder to suit changing circumstances and preferences. However, households who have benefitted from government subsidies may not legally benefit again, so this is limited in practice. The turn-around time to receive pay-out of the FLISP, and therefore register transfer, is a major obstacle. The FLISP quantum and income brackets also appear to be too low (see Van der Mey 2015). Only 1 in 5 prospective purchasers is able to secure the FLISP and loan funding required, largely due to high indebtedness, poor credit records, and/or unstable incomes. The allocation of parking to social housing is still excessive, leading to wasted space (an estimated maximum of 25% of tenants own a car). Lengthy planning authorisation and rezoning processes posed a significant hurdle. Despite "integrated" development planning, draw-down of the various subsidies is fragmented and subject to delays, and there has been no co-ordination between the Departments of Human Settlements and Basic Education to provide the new school on site. The GMSAF is responding with a new pilot project, 'A Campus for Living and Learning', with shared facilities and educational services, such as school, day-care, life-skills and business training (see GMSAF 2015a).

5.5 Maboneng Precinct, Johannesburg

The following information is sourced from secondary sources only, namely Propertuity (2015, 2013 and 2012); Janssen (2013); Kaufman (2013) and Maylie (2012).

Figure 5.6: Maboneng Precinct Map and Images (Source: Propertuity 2015 and 2012)

5.5.1 Product

Location: Maboneng ("place of light" in Sotho) is a neighbourhood on the east side of Johannesburg CBD, roughly bounded by the railway line to the north-east, Joe Slovo Drive to the north-west and Marshall Street to the south, served by rail, bus and an extensive road network (see Figure 5.6).

Building type and number of housing units: Mixed-use medium- to high-density precinct (approximately 50 hectares of brownfields sites) containing over 30 buildings (150,000m^2) owned by the developer (and others not owned by the developer, which are excluded from this description), largely being converted from industrial to residential (see Figure 5.7), with active street interfaces created through ground floor retail and restaurants and activation of public spaces through mural art and events. It housed approximately 500 residents in 2013, but the developer envisages 20,000 residents by 2020.

Unit size and design: Designer, high-specification apartments ranging from around 29 to 300 m^2.

Tenure and price: Sectional title units available for sale or rental. Current prices (at August 2015) range from R398,000 for 29m² (R13,700/m²) in 'Craftsmen's Ship' to R2.75 million for 153m² (R17,800/m²) in 'Artisan Lofts', while rentals range from R3,800/month for 33m² (R115/m²) in 'Main Street Life' to R25,000/month for a 282m² penthouse (R90/m²) in 'Fox Street Studio'. In 'Main Street Life' 33m² units originally sold for R290,000 (R8,800/m²) in 2010, and were valued at R12,700/m² in 2013 (45% growth over 36 months). One development, 'Remeds View', offers 3-bedroom student units, priced at R2,750 per bed per month.

Non-residential uses: Independent retail, restaurants, art galleries, creative studios, entertainment venues, a hotel, the Museum of African Design, weekly food and fashion markets and small business spaces (commercial and light industrial). Later phases include some planned public space interventions, such as landscaping, parks, lighting installations, and parking and cycling strategies. Shipping containers re-purposed into coffee shops with roof terraces are used to activate the streets (see Figure 5.6, bottom right). The land use mix is roughly 60% residential, 20% light industrial, 10% commercial and 10% retail.

5.5.2 User

Target market: Young 'creatives', professionals and entrepreneurs, age 25 to 34, fairly broad range of medium to high incomes (the cheapest options available could be considered the upper end of affordable or 'gap' housing, but not affordable for very low incomes, and prices are rising rapidly).

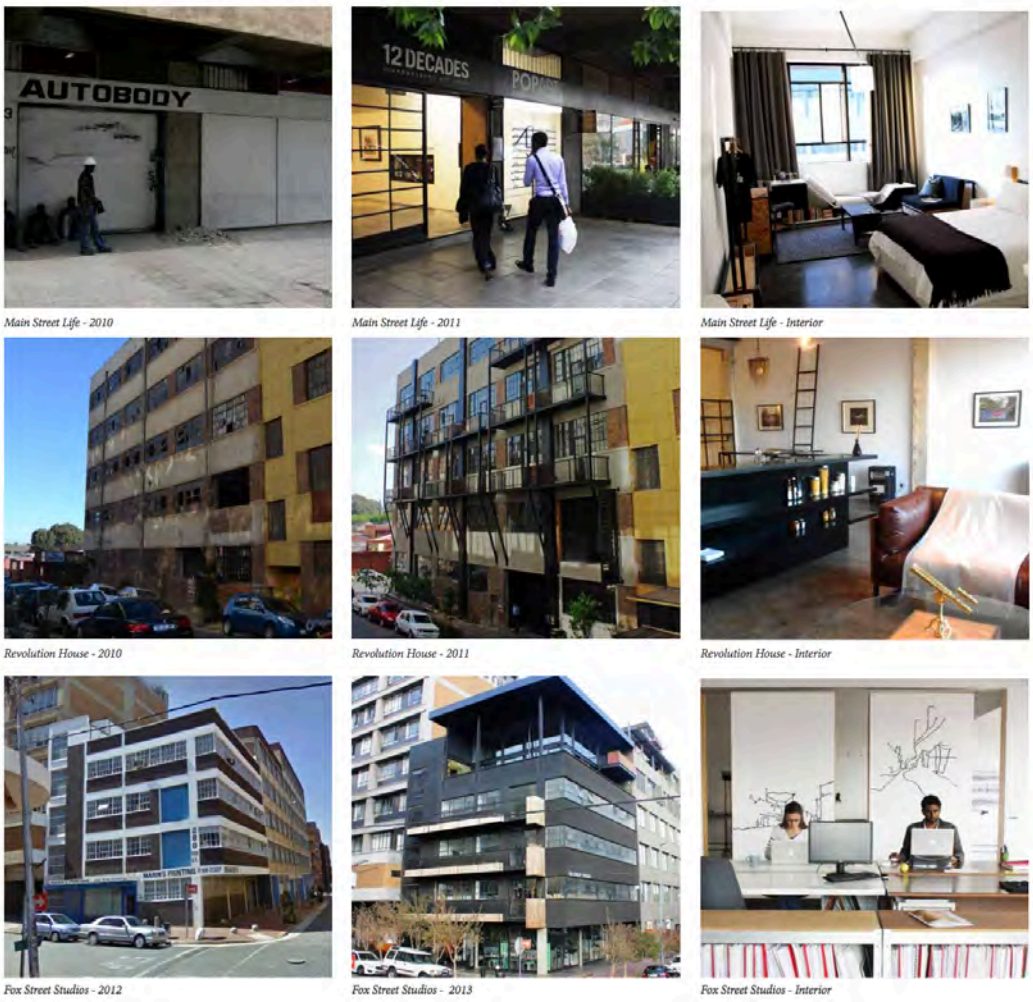


Figure 5.7: Maboneng Precinct Refurbishments (Source: Propertuity 2013: 11)

5.5.3 Delivery

Development: Private developer and owner (Jonathan Liebmann of Propertuity), with Daffonchio and Associates as the architectural partner throughout, to maintain a coherent architectural language which combines contemporary style with celebration of each building's historical character (see Figure 5.7).

Operation: Management of completed buildings is outsourced to Mafadi Property Management, located within the precinct. Rental and sales information for all developments, as well as neighbourhood news and events, is available on the Maboneng website (www.mabonengprecinct.com). A City Improvement District (CID) special rating zone has been created to oversee urban management.

Funding: Financed privately by the developer using equity and loans (notably Nedbank, TUHF and Futuregrowth), estimated at around R300 million invested by 2013, and a further R500 million expected over the next few years.

Phasing: Developed, funded and sold or let building by building, starting in 2007 (with 'Arts on Main' – a cultural hub of galleries, creative studios, office and retail) and still ongoing. At June 2013, the Propertuity portfolio consisted of 34 buildings in Maboneng, 5 of which had been fully developed, with another 6 due for completion by the end of 2013. and the rest to be developed over the next few years.

5.5.4 Impact and Lessons

Impact: The Maboneng Precinct has been transformed from a place of urban decay and crime into a vibrant mixed-use, mixed-income, and mixed-race inner city neighbourhood, bringing people and business back to the inner city. While positive for integration across the city and for some property and business owners in the neighbourhood, the trend has been towards attracting higher incomes than previously existed, which has had negative impacts on existing poor residents. Although Liebmann maintains that conversion of industrial and abandoned buildings avoids the need for evictions, many buildings in the now-trendy neighbourhood did provide some form of shelter (though of poor quality and tenure security) and access to the city for poor people, and this is being eradicated through redevelopment. Furthermore, some property values have increased more than five-fold over the past decade, severely reducing affordability in the area. To avoid such gentrification, Margot Rubin of Wits University, argues that government should have stepped in alongside private sector to provide social and affordable housing before regeneration (and gentrification) took off (see Janssen 2013).

Public interventions: Urban Development Zone (UDZ) tax incentive.

Other enabling factors: Many of the buildings were purchased by the developer at highly depreciated prices (before the reversal of inner city decay and during a property market depression). Re-development of old factory and warehouse buildings with high quality structures allowed time and cost savings. The 'precinct' or 'neighbourhood' development approach (focused, incremental but fairly fast-paced re-development), with a clear identity and branding for each development and the precinct as a whole (creative, trendy, young, urban lifestyle), has allowed for 'co-regeneration' of the neighbourhood, through entrepreneurs setting up businesses to support the residential space and artists acting as the catalysts to attract critical mass. Mirroring global trends, 'art and culture', including public art, along with a clear vision and significant, focused investment by a private developer, is a key driver of place-making and urban revitalisation (but perhaps also of exclusivity).

Challenges: The development is privately-led, so public spaces and services were not provided upfront, leading to private (exclusive) provision of security, public spaces, landscaping, and even shuttle services.

Chapter 6: Workshop, Interview and Case Study Findings

6.1 Introduction

This chapter draws together findings from the projects discussed in the previous chapter, as well as the interviews and workshop (see Chapter 2 for further detail). The findings are discussed under the categories of challenges and solutions to providing well-located affordable housing identified in the literature review (Chapter 3), with a section in between dedicated to opportunities for innovative approaches and greater private sector participation. While the literature review aimed to explore a wide variety of potential challenges and solutions and how these impede or enable development, this chapter identifies, based on the empirical research, those that are most critical in South Africa and Cape Town. These challenges and solutions are then demonstrated in a particular context (namely, Parow train station precinct within the Voortrekker Road Corridor (VRC) in Cape Town) in Chapters 7 and 8.

6.2 Challenges

6.2.1 Economic Challenges

A fundamental question regarding the viable and sustainable provision of affordable housing, raised by a City of Cape Town (CCT) official, is the level of effective demand (the willingness and *ability* to pay for it). Given the affordability constraints faced by low-income households, such as low and irregular incomes, high consumer indebtedness and poor access to housing finance, the effective demand per household is clearly low. However, as explored in Chapter 4: Context, the enormous number of households requiring improved housing means that the aggregate effective demand is substantial. This question reinforces the importance of good location of affordable housing, as this increases the amount available to pay for housing (effective demand) by reducing transport costs (and time) and, by bringing people closer to economic opportunities, thereby increasing income-earning potential. Moreover, from a property economics perspective, as explained by Rob McGaffin and illustrated in the 106 Adderley project, household buying power per square metre is, in fact, often competitive with high value uses such as office space. The key is therefore to design products and delivery mechanisms that take advantage of the collective demand and are tailored to suit buying power at the household level, for example through smaller units and shared facilities. The importance of understanding and responding to demand is duly noted and in need of considerable further investigation at city and neighbourhood levels.

Access to end-user housing finance is identified by many developers in the housing for-sale sector as a key constraint. The Walmer Link project highlighted this fact, as only 1 in 5 prospective purchasers is able to secure the FLISP and loan funding required, largely due to high indebtedness, poor credit records, and/or unstable income. A Nedbank representative added that the deposit (equity), if required, presents a major stumbling block, which has a knock-on effect on developer finance as pre-sales are difficult to achieve. In the rental sector, late or non-payments of rental pose a problem for landlords, with extra legal and other fees reportedly pushing operating costs up to 40% of gross rental income. This, together with

increasing utilities costs, is putting pressure on yields, making investment less attractive. However, the social housing sector seems to control these risks well through tight management, and there is increasing attention being paid to energy efficiency and other 'green' features, which curb operating costs.

In respect of developer finance, a key disadvantage for Cape Town compared to Johannesburg is that Gauteng has a number of useful vehicles which provide financial support for affordable housing development, such at the Gauteng Partnership Fund, a public entity which mobilises public and private funding for social, rental, student, and other affordable housing, and the linked Intuthuko Equity Fund. TUHF has noted that there is a need for similar vehicles in other provinces, to assemble and optimize available funding streams and empower entrepreneurs through equity partnerships.

By far the most widely cited and strongly emphasised challenge is the limited availability of well-located land at affordable prices, particularly in Cape Town. In the opinion of Malcolm McCarthy (NASHO), the exclusionary forces of the free market land economy mean that affordable housing in good locations is not possible without government intervention (whether grants, loans, land availability, or other measures). This is (seemingly) in contrast to the views of property economists, such as Rob McGaffin and Francois Viruly, who strongly support more market-based solutions in order to achieve delivery at scale, given the limited fiscal and administrative capacity of government. Perhaps these two valid views are not directly contradictory – rather a balanced approach is required, as proposed by Massyn et al (2015), which demands public intervention in the market, but in sophisticated and facilitative ways, based on a firm understanding of urban economics. One of the most obvious solutions to the land availability challenge is the appropriate use of public land, but for various reasons (discussed under *Regulatory Challenges* below), there is currently a lack of programmatic release of government land and buildings.

Moreover, since government-owned property is limited, the characteristics of privately-owned property play an important role in constraining (or enabling) development possibilities. Compared to cities like Johannesburg, Cape Town has limited supply of depreciated, easily convertible, multi-storey building stock (which can be a critical enabler, as demonstrated in the Maboneng Precinct). Referring to this challenge, one workshop participant, Francois Viruly, quipped that perhaps "we could do with a little urban decay". Another challenge noted, particularly along the VRC, is the many small, fragmented property owners, which limits attractiveness to large developers due to uncertainties and delays in the consolidation, rezoning and approval processes. This ties into a significant development frustration, namely "political hoops and time-consuming red tape" (an outcome of the workshop). Ironically, Cape Town's relatively good governance reportedly places the city at a disadvantage in terms of bureaucratic planning approval processes and resultant delays (compared to municipalities which lack planning expertise and are therefore looser with development approvals). This is not to say that approval processes should be dismantled, merely streamlined and accelerated.

6.2.2 Regulatory Challenges

The issue of public land "disappearing from under [the City's] feet" (as noted by a CCT official), largely due to the property management department being incentivised to sell it off, is of dire concern. The PFMA (Public Finance Management Act No. 1 of 1999) and MFMA (Municipal Finance Management Act No. 56 of 2003) are often used to justify government selling land to the highest bidder, rather than protecting it for use in the public interest. According to Malcolm McCarthy, the true intention of these Acts is to allow for the use of public land for developmental purposes, to achieve a social return and not necessarily a narrow, financial one, so the Acts are not a valid barrier. These same Acts, however, may limit public-private development possibilities, so the Greater Tygerberg Partnership (GTP) is currently investigating exactly which development vehicles would be permitted within the current framework.

After land availability, the second most important and widely acknowledged challenge in this market is excessive parking requirements. This is evident in both the Steen Villa and Walmer Link social housing projects, where car ownership is extremely low, leading to 'dead' space and, most importantly for economic viability, wasted costs and lost habitable space. It is commonly agreed that minimum parking requirements are a significant but completely unnecessary challenge (particularly for affordable housing developments with good public transport access) as developers are already incentivised by the market to provide the amount of parking demanded by their target market.

Further regulatory challenges are posed by the structure and funding of the current housing programmes (discussed in Chapter 4: Context). Particularly in urban infill areas, where affordable land is scarce and higher-density construction is required, the subsidies and capacity available and the required building standards make the fully-subsidised 'BNG' house and public rental (CRU) unlikely to be feasible. Both Social Housing and FLISP should be viable options in this context, but the current static subsidy amounts and target income bands for each programme (detailed in Chapter 4) have eroded the financial viability of such developments to the point where the majority of new projects are impossible without additional municipal or funding assistance in some form. The eligibility criteria pose barriers to the large numbers of foreign nationals and single person households, particularly common in urban core areas such as the VRC. Another problem noted of supply-side subsidies, such as those applied to social housing, is the distorting effect on the market and household behaviour, for example, tenants remaining in social housing even when incomes have increased. This may be partly due to limited alternative stock.

An important factor constraining the impact of social and affordable housing in restructuring and revitalising South African cities, identified by Malcolm McCarthy, is the lack of national framework (structured programmes and funding) for urban regeneration, and lack of programmatic linkage of social/affordable housing to urban restructuring and regeneration initiatives. While the intent of social housing is specifically to restructure our cities (using the RCG), it is an isolated residential programme. Further, despite policies promoting 'integrated human settlements', there is a multitude of grants, and draw-down of the various funding streams is fragmented and subject to delays. This is concerning because timing of cash flow is critical to development viability, especially when margins are slim.

6.2.3 Institutional Challenges

Many of the challenges around fragmentation of funding are exacerbated by poor institutional capacity, in government (such as the DHS in managing FLISP), state agencies (such as the SHRA) and non-government actors (such as emerging SHIs). There appears to be a lack of capacity in terms of skilled land economists within government, and thus a lack of strategic, long-term planning regarding affordable housing programmes, in favour of a more ad-hoc, developer-driven approach. Constrained institutional capacity to manage rental units (especially CRU) also poses a problem. Similarly, TUHF has noted a shortage of small-scale landlords and entrepreneurs able to build and manage stock. Meanwhile, capacity at the household level to manage co-operatives and sectional title schemes in the low-income market is generally believed to be low, reflected in the lack of examples of such structures in South African cities, particularly in good locations. However, the housing co-operative model should not be ruled out, and is currently being investigated by the Development Action Group (DAG).

Even when there is capacity and willingness on the part of developers and investors to enter the affordable housing market, a major barrier is the lack of useful, detailed information available, particularly in respect of demand. This lack of market data and reporting creates uncertainty (risk) and places residential property, particularly the affordable segment, at a disadvantage to other types of investments (and South African residential property at a disadvantage to other countries, as far as international investors are concerned). As noted by a private developer/investor, the affordable housing market requires in-depth and nuanced understanding, particularly in Cape Town, where "a few rand makes all the difference". Even differences between actors regarding what is meant by 'affordable housing', 'well-located', and 'private sector' create stumbling blocks. As noted by a City official, without understanding where people work and travel to, it is impossible to determine good location.

The lack of consensus as to what 'well-located' entails is complicated by a fundamental misperception amongst some private sector developers that economic opportunities will simply follow housing development – a development model which has been disproved and which flies in the face of economic centralisation/agglomeration realities (see Rabe et al 2015). Thankfully, the strategy of bringing people closer to economic opportunities seems to be steadily gaining acceptance across the public and private sectors. Information barriers are also being dismantled through data platforms such as the City's Economic Areas Management Programme (ECAMP, see CCT 2015), the CityMark dashboard for affordable housing performance in South African cities (see CAHF 2015a), and the upcoming expansion of the International Property Databank (IPD) into residential property in South Africa.

6.2.4 Socio-Political Challenges

There is a danger that the nature and/or location of affordable housing projects is determined based on political motivations, but this was not emphasised by participants or interviewees as a key concern. Rather, poor co-ordination between government spheres, departments and agencies is cited as an important political challenge. Combined with fragmented funding streams, the functioning of government in silos undermines effective delivery of integrated human settlements. This is clearly

illustrated at Walmer Link, where a school was envisaged but has not been provided by the responsible department, undermining the functioning and locational attractiveness of the housing development.

While one workshop group determined that community opposition from surrounding (often higher income) neighbourhoods (known as not-in-my-backyard, or 'NIMBY') is a fundamental challenge to well-located affordable housing provision, this was generally not highlighted by others as important. Perhaps this discord is a result of improvement over time – while 'social housing' was initially perceived quite negatively (for example, at Steen Villa), positive examples (such as Steen Villa and Walmer Link) have contributed to overcoming negative perceptions around higher-density, social/affordable housing. Another explanation is that, while NIMBY persists, to the extent that it represents unfounded prejudice and fears of the 'other', it should not be allowed to present a serious challenge to integrating our cities.

Likewise, opposition from potential beneficiaries to higher-density, semi-detached typologies seems to be a relatively surmountable challenge. Even in the Eastern Cape (Walmer Link), where traditional lifestyles and practices often create preferences for spacious, detached residences, if options (and trade-offs between density and distance) are clearly demonstrated, many households do choose to live in better-located, more compact housing. One interviewee noted that the legacy of hostels under apartheid, which provided very poor quality accommodation, means that the housing typology of small rooms and communal facilities is not deemed "dignified or aspirational". This is probably less of a deterrent for certain groups, such as foreign nationals and students. Again, it is possible to overcome negative perceptions over time through well-designed housing, such as the attractive micro-units provided at 106 Adderley, which are fully let (to students). Even fairly minor features can help in this, for example, at Walmer Link a varying roof line was used to avoid a monotonous, hostel-like appearance.

6.3 Opportunities

6.3.1 A Capable and Facilitative Municipality

In response to the myriad challenges, the Spatial Planning and Urban Design department (SPUD) of the City of Cape Town (capacitated with skilled and experienced planning and urban design professionals) is actively engaging with measures to reduce development costs and overcome barriers, so the City is certainly moving in the right direction. This is in recognition of the fact that "the City doesn't build the city, private sector does" (Tony Marks, CCT). A respected private developer in Cape Town commented that "the City of Cape Town is light-years head of other municipalities and should be commended for their intentions and actions thus far". In addition to strong municipal support, a number of other opportunities are developing which offer potential for innovative delivery of well-located affordable housing at scale.

6.3.2 Emerging Actors and Growing Private Sector Interest

While the rest of the property market (office, industrial and retail) is fairly flat, affordable housing is performing well (see Chapter 4), and interest in the sector is growing, both internationally and locally. Residential listed funds are beginning to emerge in South Africa, reflecting investor confidence and

creating an exit strategy for developers of affordable housing who can on-sell to such funds, thus decreasing development risk. Investment appetite in this sector is evident in the recent purchase of affordable housing development company, AFHCO, by the Public Investment Corporation (PIC). There is growing interest in Cape Town, in particular, by actors such as International Housing Solutions (IHS), a major private equity fund focusing on affordable housing, which brings in substantial foreign investment, and the TUHF Group, who offer funding and business support to entrepreneurs developing affordable rental stock in areas with urban regeneration potential (and have recently opened a Cape Town office). A private investor identified competent local developers as a key attractor. Even risk averse, commercial financiers, such as banks (notably Nedbank) are showing growing interest in affordable housing. The fact that IPD South Africa is venturing into the residential market (including the affordable segment) will assist in supporting investor interest by providing internationally comparable market performance data.

A particularly innovative and fast-growing market segment is that of student housing (which in some cases could be considered 'affordable housing', and in many cases offers lessons for other types of affordable housing). Established student housing developers may be willing to adjust their product (if necessary) to suit the affordable housing market, or to assist in the capacitation of new affordable housing developers. Other important actors which have emerged in Cape Town are the Cape Town Partnership (CTP) (targeting the inner city) and the Greater Tygerberg Partnership (GTP) (targeting the VRC), both of which are area-focused non-profit organisations tasked with facilitating investment, development and urban regeneration. These organisations, along with their associated City Improvement Districts (CID's), play a key co-ordinating role in terms of aligning public and private sector actions towards shared objectives. While neither has explicitly prioritized affordable housing to date, the more established CTP has recently begun to focus on this, and there is potential to direct the existing institutional capacity and knowledge of both organisations towards this gaol.

6.3.3 The Power of Small-Scale Landlords and Innovative Design

While increased participation of large, institutional private sector actors is an important progression, a crucial, and potentially overlooked, supplier of affordable housing is the (often informal) small-scale landlord. These small-scale landlords are already providing much-needed accommodation for millions of South Africans, so enabling and harnessing this power is likely to generate far quicker and more widespread results than government- or institutionally-driven action could achieve alone. Since Cape Town has limited depreciated, easily-convertible built stock, TUHF has identified that a key approach will be to rely on existing land owners to use their properties as equity and densify into multiple units. Key to enabling such incremental densification is ensuring that the original structures, as a far as possible, are designed to support this, and that building regulations are not overly restrictive. Clever design is key to providing a balance of quality and affordability, perhaps through an "Africanisation" of affordable housing in terms of smaller units and communal facilities (generally kitchens and bathrooms, but perhaps also recreational spaces, gardens, and others) (Helen, DAG). As illustrated by 106 Adderley, Steen Villa and Walmer Link, and identified at the workshop, design can also play a crucial role in dissolving negative perceptions around affordable and/or higher density housing.

6.3.4 A Shift from Ownership to Rental

Given the systemic issues of widespread unemployment, poverty and poor education, which contribute towards limited household income and wealth, home ownership is simply not financially feasible (nor even desired) for many households. A positive trend, evident from both households and suppliers, is therefore an increasing preference for rental housing. Government policy has begun to recognise the need for increased rental options, which is particularly vital in good locations, as valuable public land should remain under public ownership so that many households can benefit from its use over time (even if not in the short term), rather than a single household being enriched. In response to the vast unmet demand for rental stock, IHS has indicated a partial shift in investment strategy from sale to rental, resulting in longer term investment horizons, which allow for more affordable, better quality products (including green building features which help to minimise operating costs). The rental market may also be preferable to sales for banks, as developer loan books keep growing instead of being paid off.

6.3.5 Synergy Between Affordable Housing, TOD and Urban Regeneration

The link between good location, particularly transit-oriented development (TOD), and affordability is becoming widely acknowledged by public and private actors. Densification aligned with the city's existing public transport infrastructure would not only provide greater access to economic opportunities and social facilities, but it would enable economic agglomeration, generate increased thresholds to support businesses and community activities, contribute to more sustainable city form and vibrant neighbourhoods, and support increased efficiency and viability of public transport. While TOD requires a mix of land uses, the bulk of densification will be in the form of residential development (due to economic realities), of which a large proportion will be in the affordable segment (due to demographic realities). This, in turn, creates the opportunity for residentially-led urban regeneration along transport corridors (with existing economic potential) such as the VRC. As explained by Malcom McCarthy, social housing is proven to stabilise neighbourhoods through catalytic investment, good management and community development. Surrounding property values increase as a result, attracting increased private sector investment, while protecting affordable housing for low-income families, thereby creating inclusive, integrated, vibrant communities. This requires a strategic approach, as discussed in the following sections.

6.4 Potential Solutions

6.4.1 Fiscal Interventions

Despite fiscal and administrative constraints, targeted and strategic direct public investment and subsidies remain a critical component of any affordable housing plan. The key is to capitalize on existing infrastructure, particularly public transport (the City is "dragging PRASA by the nose" in optimising rail infrastructure and land use around stations) and to focus public investment (in infrastructure and affordable housing) in areas of high potential. As noted by a discerning private developer, "theoretical bulk and realisable bulk are very different things, and infrastructure is key to this", so the City has a duty to stop allowing (and paying for) infrastructure to be rolled out to the periphery, as this incentivises

development in poor locations and squanders any chance of achieving the densification we need. To create a viable public transport system and more sustainable and connected city, future development rights and infrastructure must be concentrated along transport corridors, not the periphery. This is not a simple matter, as it requires strong political will and co-ordination, but it is imperative.

In terms of housing programmes and subsidies, as detailed in Chapter 4, both the FLISP and Social Housing Programme require urgent revisions in terms of the subsidy amounts available, the income bands targeted (and locations targeted for social housing), and the regular escalation of these figures at appropriate rates and intervals. Consideration obviously needs to be given to any knock-on effects to other housing programmes, so the review should be comprehensive. At a minimum, Malcolm McCarthy has stated that the social housing sector "could survive this year" by increasing the target income bands and perhaps, at least in the interim, with additional financial support for social housing projects from municipalities. In the longer term, he recommends that the national funding allocation to social housing is increased, in recognition of its potential as a driver of urban regeneration and integration. On the other hand, serviced sites for informal settlement were noted as a positive move towards more incremental and effective delivery. Demand-side housing subsidies were not widely discussed, but did appear as a workshop outcome. Perhaps the most practical approach would be to increase or adjust the existing indigence grants, to provide a housing subsidy which complements supply-side measures. However, there is no guarantee that this would be spent on housing, unless structured as housing vouchers or similar, and such programmes have a variety of shortcomings (see Chapter 3: Literature Review).

Redevelopment, which can offer significant cost savings compared to new-builds, could be better supported by a national urban regeneration policy and funding framework, which places affordable and social housing as a key catalyst. The Urban Development Zone (UDZ) tax incentive currently available in specific locations has had much lower uptake than expected, especially in Cape Town compared to Johannesburg, but there does appear to be increasing interest (perhaps in line with stabilising economic conditions). While one participant warned that developers shouldn't "let the tax tail wag the development dog" (Sarah, TUHF), the UDZ has been an enabling factor in private sector developments such as 106 Adderley and the Maboneng Precinct. The incentive is due to end in 2020, which doesn't leave much time for development, so perhaps this incentive should be extended for a longer period, possibly across slightly larger (well-located) areas and adjusted to give preference to low-income, mixed-income or mixed-use developments and refurbishments.

6.4.2 Regulatory Interventions

Whereas fiscal interventions require substantial financial and institutional support from government, regulatory interventions offer a cost-effective and wide-reaching opportunity to better facilitate private development of affordable housing, often simply by removing unnecessary obstacles. Some of the most widely recommended interventions include the protection and use of well-located publicly-owned land for affordable housing, implementing more accommodating planning and parking requirements, supporting incremental housing and small-scale landlords, and streamlining the planning approvals process, each of which is discussed further in the following sections.

To address the most widely emphasised challenge (that of land availability), a critical public intervention is the long term protection and appropriate release of well-located public land for affordable housing (and supporting public uses). As previously discussed, strategic public land assets should be maintained in public ownership as far as possible, but with long term lease agreements that are structured in a manner (primarily at a low cost and long enough term) that makes affordable housing development feasible and attractive. Disposing of public land to the open market will almost invariably put this land out of reach for affordable housing or other public uses.

To encourage the development of private land and curb speculation, a tax on vacant land or unutilised bulk was suggested by some participants. This is theoretically possible within the current property rates system, and could help reduce wasted land and 'dead' spaces such as parking lots. However, an important caution was raised by a private developer, who warned that capital is fluid and investors and developers will go where it is easy and profitable to develop, so public interventions must carefully consider the disincentives that such policies might create compared to alternative locations and investment types. Importantly, he noted that no amount of taxation or incentives can force developers to enter a market where the demand is not evident. An alternative approach to unlocking private land for development is land assembly or consolidation, along with pro-active rezoning, in order to allow more development rights without the need for developers to take the time and risk of undertaking such processes themselves. It is clear from Walmer Link, Steen Vila, and the Moboneng Precinct that scale is key to (commercial) development viability, and such measures could help in this regard.

On the other hand, certain properties may lend themselves to smaller-scale redevelopment or incremental densification by small-scale landlords, and these types of developments should also be supported. For example, overlay zones could be implemented (and publicised) in well-located residential areas to allow for increased bulk (density bonuses) for certain types of development, such as affordable housing, thereby making development feasible for smaller property developers and even private households. This stepped approach is supported by TUHF: "Changing lives, one person at a time. Regenerating cities, one building at a time." An important consideration regarding residential densification is that the services and social infrastructure must be sufficient or expanded to cope. There is growing interest in 'value capture' or 'land-based financing' mechanisms in South African cities, but significant further research (and perhaps controlled experimentation) is required in this respect. One such instrument, inclusionary housing, has been considered but largely discredited in the local context (see Chapters 3 and 4) due to marginal financial returns and major financial risks.

A key realisation is that development viability can be significantly influenced by apparently small changes, such as lower parking ratios and reduced delays. While Walmer Link (in Port Elizabeth) benefitted from reduced parking requirements, Steen Villa (in Cape Town) did not. The City of Cape Town has implemented a system of 'public transport (PT) zones' where parking minimums are reduced, but these are still unnecessarily high, particularly for affordable housing. The City, together with the GTP, is currently tackling this and motivating to the Commissioner of Transport to reduce/remove minimum parking requirements for affordable housing in good locations. A caveat is that as incomes increase, demand for parking generally increases, but in areas close to public transport this should be discouraged

anyway. Where above-ground parking is provided in buildings, it would be prudent to require floor heights that enable future conversions to housing or other uses. This may add to costs, but could also help to discourage excessive parking. Ensuring flexibility at design stage would assist in conversion from other uses or filtering of housing stock from higher to lower incomes over time. For example, the small student units at 106 Adderley make use of an old office building (while demonstrating that these can be attractive, liveable spaces) and potentially allow for transfer of stock between student and non-student affordable markets at different times. This filtering discussion is often neglected in South Africa.

A final, but important, regulatory (and institutional) intervention is to streamline and fast-track planning approvals for affordable housing developments. One extensively supported instrument would be to create a "task team" or "one-stop shop" for affordable housing within the municipality, tasked with unlocking public and private land, reducing 'red tape' and delays, and overcoming the 'silo' approach to funding and development. To achieve these goals, not only requires a political champion, but involvement across many departments, including land use management, spatial planning, housing, transport, infrastructure, property management and others.

6.4.3 Financial Interventions

Linked to the municipal structure discussed above, a number of financial interventions could be effected, such as reduction or waiving of municipal fees for affordable housing developments, and adjusting development contributions (DCs) based on social and spatial impact, with concessions for well-located affordable housing developments. These are relatively minor interventions, but also relatively easily achievable. On the whole, financial interventions were the least discussed type of solution, though participants who are most involved with the finance side of development (such as Nedbank, TUHF and IHS) did emphasise that exploring wider sources of capital (both debt and equity) for affordable housing is important. For example, financial benefits can be realised by accessing "patient capital", through equity partnerships (like the IHS model) which share profits rather than charging interest, thereby allowing risk sharing and mitigation and the leveraging of larger loans and lower borrowing costs.

In particular, the sector should harness "impact investors" who require a lower rate of return on projects which achieve some social benefit, such as affordable housing and green building. In extreme cases, such investors may even make capital available with no required financial return, as was the case in the Walmer Link project, which benefitted from a substantial interest-free, revolving loan from the GM SA Foundation. This allowed for upfront funding hurdles to be bridged, construction to be expedited (saving time and costs) and the small amount of seed funding was geared up (used to raise loan finance) to make a significant impact. This type of funding is not likely to be widely or easily available to most developments, but primarily on a case-by-case basis. Nevertheless, public agencies could assist in assembling and optimising available funding streams (both public and private) like the Gauteng Partnership Fund does in that province.

6.4.4 Institutional Interventions

The crux that holds many of the other interventions together is a capable and strategic municipality that undertakes programmatic intervention in all types of affordable housing across the city, and also in targeted areas. In the words of Malcolm McCarthy, "the City must not just undertake spatial planning, but must take strategic control to ensure the progressive meeting of its development objectives". This will entail a long-term, programmatic approach that links social and affordable housing to other government initiatives for the integration and regeneration of cities. This would provide greater synergy and reduced risk (through funding and strategic certainty). As demonstrated in the Maboneng Precinct, an area-based approach to development has many advantages, and thus the city-wide housing programme should be broken down into precincts, each with a targeted, appropriate range of instruments.

The scale and timing of intervention are critical. As explained by Rob McGaffin, the scale needs to be large enough to change perceptions and achieve economies of scale, but small enough that it remains a distinct, identifiable entity. As successfully accomplished in the Maboneng Precinct, a clear vision and identity is necessary to capture imaginations and investment. As is true of any development or investment, timing is crucial. Particularly in contexts of urban regeneration, the financial viability of affordable housing relies on low land values, and thus early entry into the market. Learning from the weakness of the Maboneng Precinct in this respect, it is the duty of the government and social housing sector to develop and enable social/affordable housing and thereby protect space for low-income households *before* property values start to rise. This public investment then acts at a catalyst, attracting private sector to provide the next steps up in the housing ladder. An area-based approach also allows for consideration of the system as a whole (all the functions and land uses that support each other), providing a basis for greater inter-departmental co-ordination and streamlining. Existing organisations such as the CTP and GTP should be engaged as the interface between public and private sectors.

A range of partnerships between public and private actors (including spheres of government, agencies such as PRASA and Transnet, businesses, employers, developers and community groups), as well as NGO's and educational institutions should be formed, at the city and precinct levels, to assist in achieving the programmed objectives. Cape Town has done well in terms of the existing agreement with SHIs, but could benefit from stronger, more structured relationships (of equality) with other private developers. This will require economic capacity within the municipality, and an understanding of the costs and risks within the private sector (and vice versa). An approach which could allow for such learning, while developing stock, would be through public-private partnerships in which the City provides the land (and possibly further capital), a developer provides equity, and the parties undertake development jointly, sharing in the risks and profits, which are then (at least partly) re-invested into that area. The GTP is currently exploring whether such a vehicle could work in Cape Town.

A reservation held by many in the social housing sector is that for-profit developers will always be less preferable than their non-profit counterparts in the affordable housing market, as the "15% profit shows somewhere", whether in inferior quality or reduced affordability. This is arguably resolvable with large enough developers or developments, which are able to achieve economies of scale, negotiate better

rates, and develop more efficiently (and with sources of capital which are more patient and/or focus on social returns in addition to financial returns). In addition to the existing agreement with the City, SHIs could be involved in a number of partnerships. A long term strategy for the upgrading and management of the municipal CRU stock, as well as capacitation of emerging SHIs, could enlist the help of established SHIs on a negotiated basis (for example, in return for making certain land available). SHIs could enter into partnerships with employers to offer guarantees or contribute towards rental or deposits for their employees. SHIs could also recommend well-paying tenants to banks for mortgages, to help these households move up the housing ladder.

A final key intervention is improving access to data related to the affordable housing market. Better and more easily accessible information about demand (preferences and affordability) would enable the provision of more targeted and appropriate (demand-driven) affordable housing. Understanding the 'housing ladder' and better segmentation of the market (away from oversimplified notions of 'subsidy', 'gap' and 'market') is key, as is understanding movement patterns across the city. This will allow for "evidence-based planning, rather than spatial fantasy" (Tony Marks, CCT). At the household level, there is also a great need for consumer education regarding budgeting of household income and expenses, as well as credit rehabilitation, and housing options available. In many ways, "the City holds the puppet strings" (Rob Kane, CCID), and so is tasked with sharing information and connecting players.

6.5 Conclusion

Besides some particularly widely recognised challenges, opportunities and solutions, an interesting finding is the diversity of challenges, opportunities and solutions identified. Different workshop groups had noticeably different ideas, discussions and outcomes. This reflects the multi-faceted and complex nature of the affordable housing issue. It requires tackling from many different angles with various instruments and the involvement of numerous actors, over time and across various scales. Importantly, the workshop highlighted both systemic problems, and those which could be addressed relatively more quickly or easily with the appropriate public intervention – in other words, there is "room for manoeuvre within the current system, rather than [only] challenging systemic problems" (a workshop outcome).

Chapter 7: Study Area Analysis

7.1 Introduction

Using the findings of the previous chapter as a lens, this chapter identifies and analyses a particular study area in Cape Town to elucidate specific challenges, opportunities and (later) appropriate interventions to support increased provision of well-located affordable housing in this area. First, the study area is identified, with a brief motivation for its selection. This feeds into a discussion of the (changing) role of the site at various scales. The local demographic, economic and property market dynamics are then considered, culminating in a spatial analysis of the opportunities and constraints which will inform the interventions proposed in the following chapter. Information was sourced from various reports (including CCT 2012a and 2014; CCT SPUD 2013; GTP 2014a and b; TCT 2014), as well as interviews with City of Cape Town ('City') officials and the Greater Tygerberg Partnership (GTP).

7.2 Study Area Identification and Motivation

The study area, outlined in pink in Figure 7.1, is a precinct of approximately 100 hectares (ha) around Parow Train Station ('Parow Train Station Precinct' or 'the Study Area'), within the suburb of Parow, and containing the following 2011 Census sub-places: the entire Parow sub-place, parts of Parow East, Parow Valley and Beaconvale, and small portions of Glenlily and Fairfield Estate. The site was selected based on input from Tony Marks and Lance Boyd in the City's Spatial Planning and Urban Design ('SPUD') Department. SPUD has specifically stressed their intentions to facilitate greater private sector involvement in affordable housing and urban regeneration in certain nodes of the Voortrekker Road Corridor (VRC), outlined in red in Figure 7.1, particularly around the train stations. Parow Train Station Precinct is one such Prioritized Local Area (PLA) currently being investigated by SPUD.

The Study Area exhibits many of the preconditions necessary for successful affordable housing, urban regeneration and Transit-Oriented Development (TOD), including proximity to public transport networks (including rail) and interchanges; proximity to businesses that can provide employment or other economic opportunities; existing buildings, infrastructure and amenities which minimise the level of investment necessary; capacity to absorb mixed-use densification; and potential for integrating different socio-economic groups (NASHO 2012; CBRE 2015). Some key features of the Parow Train Station Precinct are that it includes mostly brownfields sites (presenting opportunities for incremental and infill development and redevelopment), significant public land including many underutilised parking lots, and an interesting pedestrian mall between the train station and Voortrekker Road. It therefore offers exciting potential to bring together the imperatives of well-located affordable housing, urban regeneration and TOD. The following sections explore the Study Area in further detail.

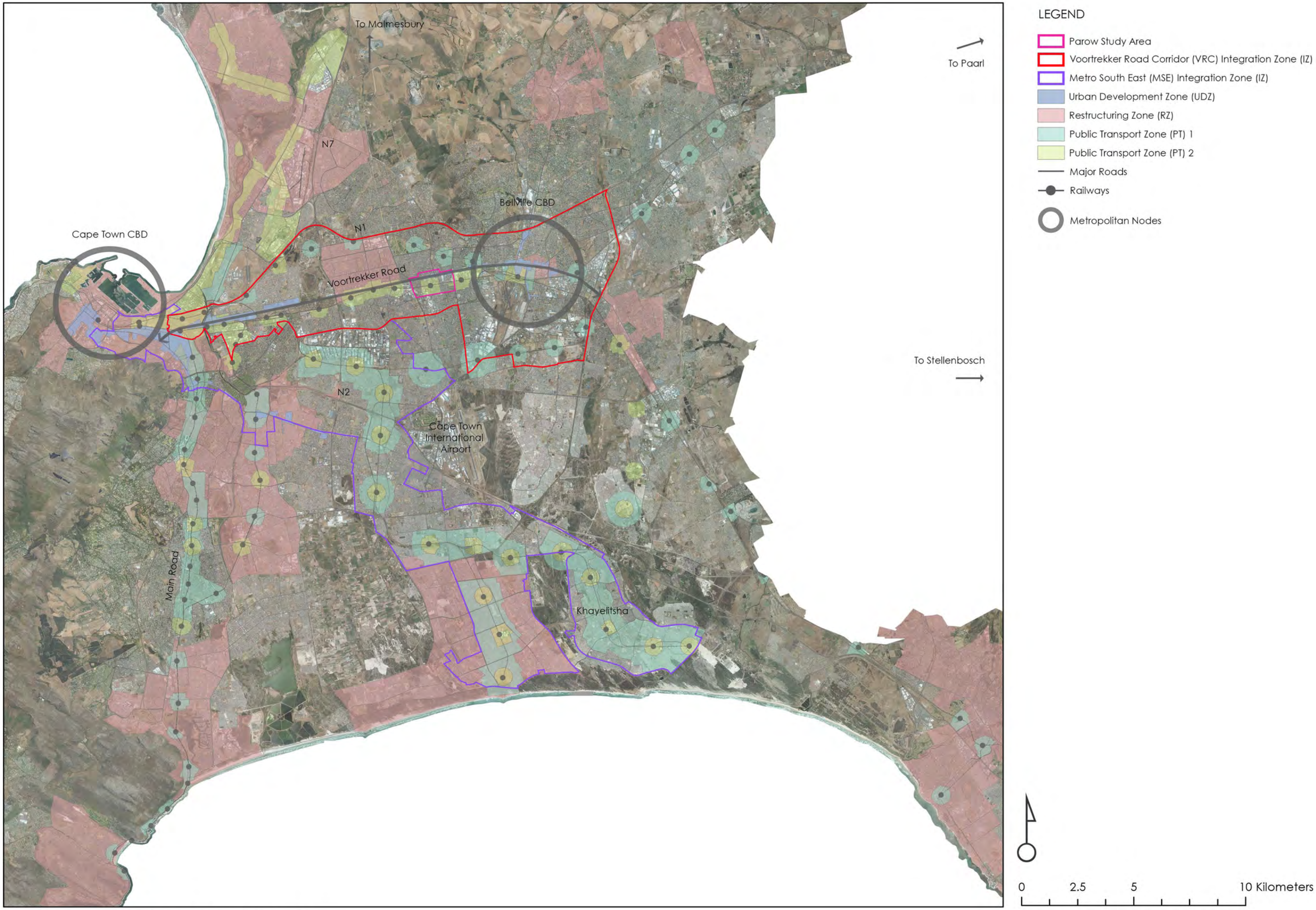


Figure 7.1: Study Area Locality Map (Source: Author, Data: GIS, CCT)

7.3 The Role of the VRC: The 'Economic Backbone' of the City

At the metropolitan (and regional) scale, the defining function of the Study Area is that it forms part of the Voortrekker Road Corridor (VRC), outlined in red in Figure 7.1. The VRC is a transport corridor of approximately 15 km which connects the Cape Town CBD and the Bellville CBD ('the Second Metropolitan Node' according to the Cape Town Spatial Development Framework (CTSDF)). Voortrekker Road is a dual carriageway that runs east-west parallel to the railway line, with train stations mostly within 400 metres (m) of the Road. With 178 bus and 348 taxi routes operating in the VRC, all three modes of public transport are anchored along its length, and the route is well connected to the metropolitan transport network via a series of freeways and arterials. Bellville also has important regional links, such as Paarl, Malmesbury and Stellenbosch, and direct freight links to the Port of Cape Town and the Cape Town International Airport. The proposed Blue Downs railway link between Khayelitsha and Bellville Station will further boost the importance of this interchange. Voortrekker Road is identified as an 'Activity Route' in the CTSDF, characterised by mixed-use, higher-density strip and/or nodal development with direct access and interrupted traffic flows – a balance between mobility and vitality.

The 'urban core' stretching between Central Cape Town and Bellville provides around 50% of the city's formal employment and up to 85% of industrial employment, and supports significant informal economic activity. With the combined municipal value of improved business properties estimated at over R20 billion in 2012, the fiscal sustainability of the City is inextricably linked to the economic prospects of the VRC (CCT 2014a). In addition, the VRC is very well endowed with higher order services and facilities, including more than 10 public and private hospitals (2894 beds) and a concentration of higher education institutions, particularly around Bellville and Parow, including campuses of the University of the Western Cape (UWC), the University of Stellenbosch (Medicine and Health Sciences Faculty and School of Public Leadership), the Cape Peninsula University of Technology (CPUT), Northlink College and UNISA (see the infographic in Figure 7.2 for some of the VRC's salient features). The VRC's location in the physical centre of the municipal area and its excellent transport connections make it very accessible, allowing these urban opportunities to be available to the wider city, including the Metropolitan South East (Metro SE) (where the majority of the (poor) population lives). In addition to being an important destination for employment and facilities, the VRC also acts as a vital movement throughway and interchange area to other parts of the city, and it provides a diverse, well-located residential environment, which accommodates a range of income groups.

Despite performing these essential functions, the VRC is not a homogenous entity, but rather a functionally connected system of diverse and distinct areas. For example, on the basis of land use and built character it can be divided into 3 broad zones namely: Salt River to Maitland (west); Goodwood to Parow (central); and Bellville to Stikland (east) (CCT 2012a). While Bellville is the main economic and transport hub, with the highest concentration of tertiary education facilities, Maitland is the primary manufacturing area. The identity of Parow rests strongly on wholesale and retail activity (strip and centres), primarily directly adjacent to Voortrekker Road, and (generally low density) residential accommodation. Later sections will delve deeper into the particular characteristics of the Parow area.

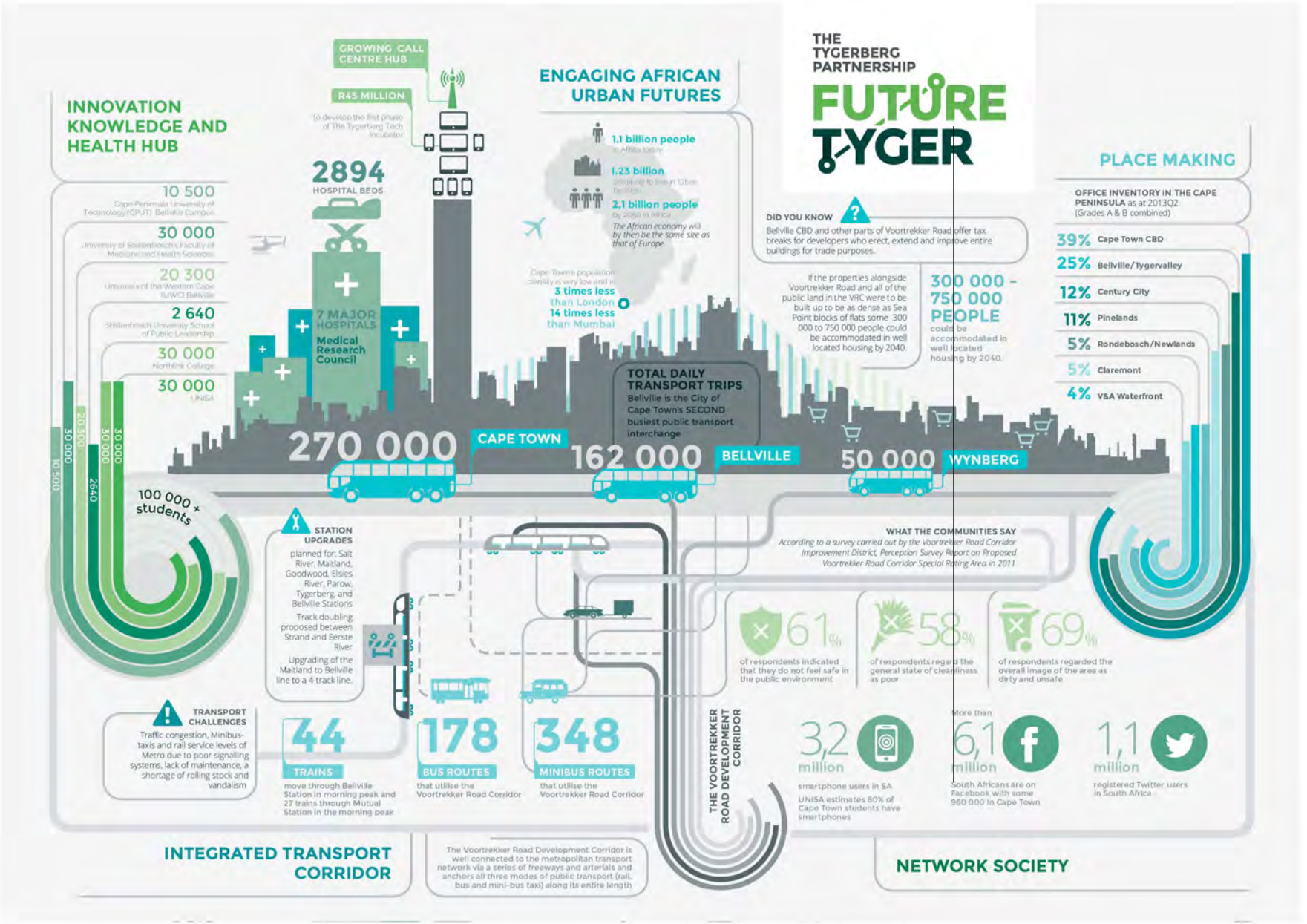


Figure 7.2: Voortrekker Road Corridor Infographic (Source: GTP 2014b: 11-12)

7.4 'Degeneration' and 'Regeneration' of the VRC

In addition to spatial variations in character, the VRC has, like any urban environment, undergone changes over time. From its (colonial) origins as a wagon route in 1680, its transport corridor function was strengthened with a railway line connecting Cape Town and the satellite towns of Maitland, Goodwood, Parow and Bellville (around 1860), allowing for corridor industrialisation and high-street development with strip retail. However, increasing car use and the construction of the N1 national highway (between 1960 and 1970) led to (sub)urban sprawl, particularly north of the N1, in the form of gated residential and office developments and shopping centres, such as Tygervalley Centre (1985), N1 City (1989), Canal Walk/Century City (2000), and Cape Gate (2005). This drew people and activity off Voortrekker Road and, combined with declining use of the public transport system by the 'middle class', resulted in partial collapse of the VRC's property values and economic base.

Compounding the 'pull' factors of relatively cheap, abundant land and superior private vehicle access north of the N1, the VRC exhibits significant 'push' factors which have led to a decline in business conditions, including escalating crime, congestion, and a degraded and poorly managed urban environment (see photos in Figures 7.3 and 7.5). This decline is an underutilisation of major public investment in transport infrastructure (rail and road), health infrastructure (several major hospitals), education infrastructure (excellent schools, colleges and universities), civic infrastructure (town centres, libraries and recreational facilities) and economic infrastructure (GTP 2014a). However, the VRC still plays an important role in servicing the Metro SE communities, and the area has become an important arrival zone for migrants, from South Africa and other African countries, who have helped to re-energise small retailing (for example, parts of Bellville are now known as 'Little Somalia').

This evolving socio-economic role of the VRC is stimulating demand for affordable housing, underpinned by good accessibility and proximity to employment and other urban opportunities. Increasing residential densities and TOD, in turn, offer potential to further revitalise retail and other activities. A recent study by Rode on the VRC's growth potential to 2040 (see GTP 2014b), indicates that the area could accommodate 550,000 m^2 additional retail, 250,000 m^2 office space (equivalent to the entire Century City), plus large-scale industrial development along the Bellville-Cape Town International Airport axis, and another 250,000 residents. In fact, if all the properties alongside Voortrekker Road and all of the public land in the VRC were built up to be as dense as Sea Point (60 du/ha gross), some 300,000 to 750,000 people could (theoretically) be accommodated in well located housing by 2040 (GTP 2014b: 12) (close to city-wide need, see Chapter 4, p.35). Independent analyses by affordable housing actors such as TUHF and IHS have also highlighted the VRC as an area of high potential for residential intensification.

In recognition of these assets and opportunities, the City has identified the VRC as a key target area for both 'regeneration' and 'integration' (spatial, social and economic). In response to the National Development Plan (NDP) (NPC 2011), National Treasury has developed an Urban Network Strategy and an Integrated City Development Grant, which require municipalities to identify Integration Zones (IZs) for spatially targeted public investment. The City of Cape Town has identified two IZs: the Metro South-East (MSE) and the Voortrekker Road Corridor (VRC) (outlined in purple and red respectively in Figure 7.1). The

City of Cape Town is currently undertaking a VRC Integration Zone Strategy and Investment Plan, which aims to direct public and private investment along the corridor, and will feed into the Integrated Development Plan (IDP). In terms of regeneration, the Greater Tygerberg Partnership (GTP), a non-profit, city-funded organisation with the mandate of facilitating public and private partnership in the regeneration of the VRC, supported by the Mayoral Urban Regeneration Programme (MURP), has developed a Regeneration Framework (GTP 2014a) which will feed into the City's plans.

The Regeneration Framework outlines partnerships, programmes and a vision for 2040, which aligns with Cape Town's 2040 City Development Strategy and the OneCape 2040 vision. The VRC vision is:

> *By 2040 a regenerated and inter-connected Voortrekker Road Corridor will link Cape Town's two metropolitan nodes with the city at large and its regional hinterland to play a dynamic role as an innovation and development powerhouse in Cape Town's transition to achieving its 2040 vision of becoming 'one of the world's greatest cities in which to live and learn, work, invest and discover– a place of possibility'* (GTP 2014a: 4).

The first stage, 'Creating the Platform' (2014 to 2021) entails catalytic infrastructural (primarily rail, station and interchange upgrades) and institutional interventions (creating partnerships and linking learning and economic infrastructure to facilitate 'innovation' as a driver of regeneration). Some of the key 'urban acupuncture' project proposals (see GTP 2014b) include: Central Bellville Office Precinct (focusing on big service business); Tygerberg Bioscience Park; Tygerberg Integrated Medical Portal; Tygerberg Technology Incubator; Tyger Design Lab; Bellville Student Village; Flexible Development Packaging (supporting the City in removing obstacles to development); Public Land Transfer Agreement/Vehicle; *Parow Station Precinct;* Bellville – Cape Town International Airport "Aerotropolis" Framework; Elsieskraal Green Belt Upgrading; Future Cities, Future Leaders (a youth development programme); Broadband/Wi-Fi Programme; and City Farm (an urban farm/community garden). Supporting these interventions are City Improvement Districts (CID's), which are tackling 'crime and grime' and basic social development, the GTP's 'Future Tyger' public engagement programme, and various public space activation projects led by the GTP, such as mural painting (see Figure 7.4) and the Open Streets event held in Bellville on 4 October 2015, which aims to reclaim the streets from cars and optimize creative use by people through activities such as cycling, skateboarding, street soccer, yoga, games, art, music, Somali singers, as well as medical testing and mental health awareness stations.

While these plans and actions are commendable, promoting higher-density social and affordable housing receives only brief mentions, and is notably absent from both the Regeneration Framework and the objectives of the GTP (GTP 2015) *as a driver of urban regeneration*. The risk is that the VRC may follow the path of exclusive regeneration and gentrification experienced in Maboneng and globally if social/affordable housing is not prioritized upfront while property values are reasonably low. More recent documents by the City do seem to place increasing emphasis on this (see CCT 2014a). Another key caution regarding 'regeneration' (which does seem to be well acknowledged by the GTP and the City) is that focusing on areas that were previously economically viable does not imply a return to what they were before; rather "urban regeneration should seek to use existing elements to create something new in accordance with evolving population needs and wants" (NASHO 2012: 45).

Figure 7.3: Unfriendly pedestrian and trading environment on Voortrekker Road and around Parow train station, and lack of density at these key movement routes and nodes (generally single or double storey) (Source: author)

Figure 7.4: Street art/public murals initiated by the GTP near Station Road (Source: author)

Figure 7.5: Large, underutilised parking lots create unsafe, 'lost' space near Parow train station (Source: author)

7.5 Demographic Assessment

Given the need for densification and much greater integration of people from elsewhere in the city into the VRC, analysis of the needs and possibilities should not be limited to the current population and housing stock (see *Chapter 4* for a broader discussion of city-wide supply and demand). Nevertheless, the current demographics of the Study Area do provide some useful baseline information about the amenities offered by the area and the types of households currently attracted to it. A demographic analysis of the VRC compared to the rest of the Cape Town Metropolitan Area ('the Metro'), using Census 2011 (and 2001) data (Stats SA), revealed the following key patterns (and trends) for the VRC and, where pertinent, for Parow in particular (see CCT 2014a for further detail):

Population and densities:

- The VRC had a population of just over 240,000 people in 2011 (just 6% of the Metro population);
- Residential populations are growing slowly compared to the rest of the city and population density is very low compared to the Metro SE;
- The average gross household/dwelling density of the VRC is around 9 du/ha and has remained fairly stable, indicating that densification is not taking place at scale;
- The gross density of the Parow area is slightly higher, at around 15 to 25 du/ha;

Household size and age:

- Relative to the city, the proportion of population in the 15 to 24 age group (typical student age) is surprisingly low along the VRC given the many tertiary education institutions in the area (indicating potential for increased student accommodation);
- The areas abutting Voortrekker Road (such as the Parow Train Station Precinct) have high concentrations of the 25 to 34 age group (young adults likely working, looking for work and perhaps attending tertiary education institutions), while age groups 35 to 64 and 65+ are more common further away from Voortrekker Road;
- The Parow Study Area has high proportions of children (0 to 4 and 4 to 15);
- Average household size appears to be slightly higher south of Voortrekker Road than to the north, but varies considerably between Census small areas within the Parow area, indicating a need for variety and choice (average household sizes also disguise the variance in any case);

Mobility and migration:

- The VRC population appears to be more mobile, with 36% of the total population within the VRC having moved since 2001 (29% in the Metro overall), indicating a need for rental stock;
- The largest proportion of migration into the VRC stems from within the Western Cape;
- Migrants from outside South Africa are the next most common migrant group, representing 2.6% of the VRC's population in 2011 (possibly under-recorded), concentrated largely in Maitland, Bellville and Parow (close to the VRC spine);

Education, employment and income:

- The VRC has a significantly lower unemployment rate (12%) than that of the Metro (24%) and a higher percentage of adults are employed in the formal sector (85% versus 79%).
- The VRC is not quite as well-rated in terms of education levels as the north eastern and south western parts of the Metro, but is significantly better off than the Metro SE and city averages;
- The median monthly household income in the VRC (R12,801 to R25,600) is significantly higher than that of the Metro (R1 to R1,600 and R1,600 to R3,200), but incomes are generally higher north of Voortrekker Road, and incomes between R3,201 and R12,800 are common in Parow;

Housing and basic services:

- The VRC is one of the best rated areas in the city in terms of access to basic services (water, sewage, electricity and refuse removal);
- The VRC accommodates a much smaller portion of backyard dwellings and informal dwellings; and thus a larger proportion of formal dwellings (96%) than the Metro average (78%);
- The VRC is much less overcrowded (only 2% of formal dwellings) than the rest of the Metro;
- Significantly more residential properties in the VRC are rented (42%) than the Metro (30%);
- Property ownership proportions increase further away from Voortrekker Road, while rental property percentages are (not surprisingly) highest along Voortrekker Road;
- Over 70% of households are renting in some areas of Parow, particularly around the station;
- Most of the housing in Parow is single residential, but there is a fair amount of 3-storey multiple-unit housing, mostly around the train station and Station Road (see photos in Figure 7.6);
- In general, residential property values are higher north of Voortrekker Road than south, and the average residential property value in the Study Area is between R500,000 and R800,000 (which can be considered just above the 'affordable' market of below R500,000);
- The average price of single residential property in the VRC has increased from R552,457 in 2010 to R779,307 in 2013 (41% growth or 12.15% compound per annum, indicating strong demand);

Socio-economic index:

- Economically, the VRC appears to form a transition zone between the deprived Metro SE and the better economic opportunities in the north eastern area; and
- An overall 'Socio-economic Index' which combines many of the above indicators, shows that the VRC compares favourably to the Metro overall, with the north eastern portion of the VRC rated 'very good', and most of the remainder of the VRC (including Parow) rated 'good' (indicating a good receiving environment for social/affordable housing).

7.6 Public Housing in the VRC

While the primary housing need in the city is fully-subsidised housing (households earning less than R3,500 per month), the ability and appropriateness of the VRC to absorb demand in this segment at scale is questioned (CCT 2014a). Various financial challenges (discussed in *Chapter 4*), and the scarcity of large-scale City-owned land available in the VRC, mean that fully-subsidised ('BNG') and CRU housing projects within the VRC have been limited to date and are unlikely to be the primary delivery mode in this area.

Subsidised projects (existing and planned) within the VRC are located predominantly in the Elsies River area. The bulk of new residential accommodation in the VRC will most likely cater to the social housing, student housing, 'gap' and middle-income segments, with a relatively even spread between the income groups from R3,200 to R26,000 per month (CCT 2014a).

The VRC has been identified by the City as a target area for social housing (CCT 2014a), but the majority of the VRC has not yet been gazetted as social housing Restructuring Zones (RZs) (gazetted RZs are shown in pink in Figure 7.1, and are surprisingly peripheral and not aligned with the IZs). Fortunately, RZs can be created or extended by the City in conjunction with Province, and social housing projects have been on a steady increase within the VRC, with 16 social housing projects in various stages of the pipeline, due to generate around 8,500 social housing units within the VRC (CCT 2014a). Woodstock, Salt River, Goodwood and other areas within walking distance from rail stations are being targeted for social housing. In addition, there is a R1 billion mixed-income, mixed-tenure housing project and student village at Belhar in the pipeline, and a number of new student housing developments in Parow.

Figure 7.6: Housing in Parow is generally low-density, single dwellings, except for some medium-density, 3-storey, multiple-unit blocks focussed around Station Road, often with retail on the ground floor (Source: author)

7.7 Economic Assessment

At the metropolitan level, the economy of Cape Town is increasingly reliant on the tertiary (services) sector, notably business and financial services and retail trade, with the secondary (manufacturing) sector experiencing significant decline. These wider trends impact on the re-positioning of the VRC, as the VRC is a crucial source of industrial employment for the city, but clearly cannot rely on the manufacturing sector alone to support its regeneration. It is also improbable that Voortrekker Road will re-emerge as a premium location for office developments, given its competitive disadvantage relative to both inner city and decentralised nodes such as Century City and Tyger Valley (CCT 2012a), at least until the remaining bulk in these areas is developed and the VRC sees some improvement. Low office and street-front retail rentals, high office vacancies in Bellville, a significant decline in non-residential building plans submitted since 2009 (perhaps also reflecting the global financial crisis), and significant demolitions and conversion from commercial to residential space (particularly in the Goodwood/Parow area) suggest an oversupply of commercial space (CCT 2012a and 2014), and thus potential for redevelopment of existing buildings into (at least partially) affordable housing.

Since the VRC consists of a number of distinct, inter-dependent zones, the specific characteristics of Parow need to be investigated. The City's Economic Areas Management Programme (ECAMP) online portal provides information on the relative performance and location potential of economic nodes in Cape Town (see CCT 2015 and Rabe et al 2015). A detailed ECAMP area profile for Goodwood/Parow is shown in Figure 7.8, but some of the important points are highlighted here. The Goodwood/Parow strip along Voortrekker Road is classed as mixed-use (retail, office and industrial). The dominant activities are wholesale and retail (including centres such as Shoprite Park and the recently revamped Parow Centre (previously Sanlam Centre), a regional shopping centre of 86,000 m^2 largely catering to lower and middle income markets), and a substantial cluster of auto sales and auto-related repairs/services which draws consumers from outside the study area and may be linked to local upstream activities in the value chain (CCT SPUD 2013). Personal and community services and facilities are also concentrated in the established Goodwood and Parow town centres, and a significant business presence in Parow is the Foschini Group, with their national headquarters bordering Parow Centre and supplementary offices including a call centre and information technology office (CCT 2012a; CCT SPUD 2013).

There is vibrant informal trade in Parow, primarily focused at Parow Market and along pedestrian-only Station Road which runs between Parow station and Voortrekker Road (see photos and map in Figures 7.7 and 7.17), taking advantage of pedestrian movement generated by the public transport interchange and surrounding residential and commercial land uses, as well as ease of access to suppliers (importantly Bellville and nearby wholesalers) (CCT 2012a; GTP n.d.). A recent survey of the informal traders in Station Road (GTP, n.d.) found that: the adjacent formal shops not only attract footfall, but provide access to electricity, water, storage and other facilities; the majority of informal traders sell clothing, accessories and food items such as fruit and vegetables; the majority operate Monday to Saturday; trading areas are demarcated and all traders have valid permits from the City; most traders construct metal-framed shelters daily or trade from motor vehicles ('bakkies'); many stated that they could benefit from a fixed structure, but some stated that they are content (perhaps reflecting a need to avoid increased costs);

the majority of traders live in Parow within walking distance; most have been trading there for a number of years and intend to stay in the long term; and an overwhelming majority state that high instances of crime are the biggest constraint to business growth.

Figure 7.7: Informal trade and adjacent formal retail activity along Station Road pedestrian mall (Source: author)

Looking at formal economic activity (covered by ECAMP, see Figure 7.8), at December 2014, the composite performance of the Goodwood/Parow area was ranked at 0.1 (on a scale of -5 to 5), reflecting low or very low rentals across all sectors (except for moderate rentals for bachelor flats without parking) and low sales activity, but better performance in terms of industrial rental growth, low industrial vacancies, and very high redevelopment activity (completed and submissions). In line with the latter trends, performance of this area is improving over time (up 0.9 since December 2013). In terms of location potential, the area scored slightly better, at 1 (again on a scale of -5 to 5). Room for industrial growth is particularly constrained, water reticulation and sewer infrastructure risk is high, and business robberies and particularly burglaries are a major problem (possibly the single biggest threat to the area's regeneration potential (CCT 2014a), in line with the views of informal traders). On the other hand, the area presents good potential in terms of the size of the economic market (by floor space, property value and work spaces), very good access (except for moderate congestion), and good catchment characteristics, such as high aggregate disposable income (though low per capita); high future demand for retail (6,500 m^2 by 2032); very high tertiary and postgraduate education levels; and very high morning commuter arrivals (around 65,000 across all modes).

Business Location Intelligence

Goodwood/Parow

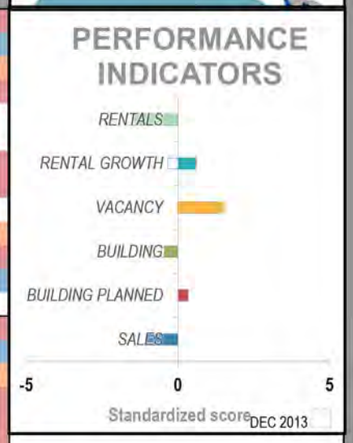
please visit our interactive map viewer at ctcs.capetown.gov.za/ecamp

CITY OF CAPE TOWN
ISIXEKO SASEKAPA
STAD KAAPSTAD

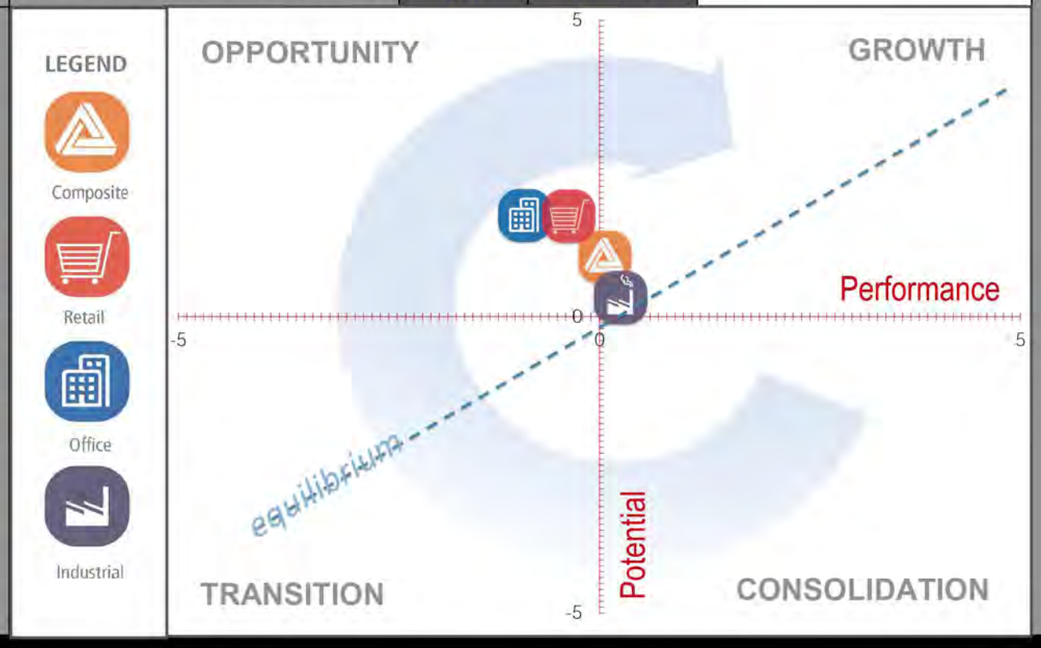
Character	Phase
MIXED USE	GROWTH

MARKET PERFORMANCE

DECEMBER 2014	SUB-INDICATORS	VALUE	+/-
Rentals and vacancy	Industrial rentals (1000 m2)	Sorry. Third party data not available to business users.	LOW
	Industrial rental growth 2009-14 (nominal)		VERY HIGH
	Industrial rental growth 2005-14 (nominal)		MODERATE
	Office rentals (Grade A)		VERY LOW
	Office rental growth 2005-14 (nominal)		
	Office rental growth 2009-14 (nominal)		
	Street-front retail rental (100m2) MEAN		VERY LOW
	Street-front retail rental (100m2) MAX		LOW
	Shopping centre retail rental (R/m2)		
	Flat rentals (std. bachelor without parking)		MODERATE
	Flat rentals (upmarket 2-bed w/o parking)		LOW
	Industrial vacancy (index)		LOW
	Office vacancy (All Grades, %)		
Building	New industries, m2 (2005-13)	2 645	VERY LOW
	New offices, m2 (2005-13)	18 425	HIGH
	New shopping, m2 (2005-13)	1 530	MODERATE
	Subm. for new industries, m2 (2012-13)	0	VERY LOW
	Subm. for new offices, m2 (2012-13)	0	VERY LOW
	Subm. for new shopping, m2 (2012-13)	0	VERY LOW
	Completed redevelopment, m2 (2005-13)	36 955	VERY HIGH
	Subm. for redevelopment, m2 (2012-13)	32 496	VERY HIGH
	New flats, m2 in 1km buffer (2005-2013)	16 322	
Sales	Property churn (excl. single dwelling res.) (2005-8)	18%	LOW
	Property churn (excl. single dwelling res) (2009-12)	9%	LOW
	Industrial vacant land sales, R value (2005-12)	R 13 250 000	MODERATE
	Industrial vacant land sales, count (2005-12)	3	LOW
COMPOSITE PERFORMANCE (-5 to +5)		0.1	TENTATIVE

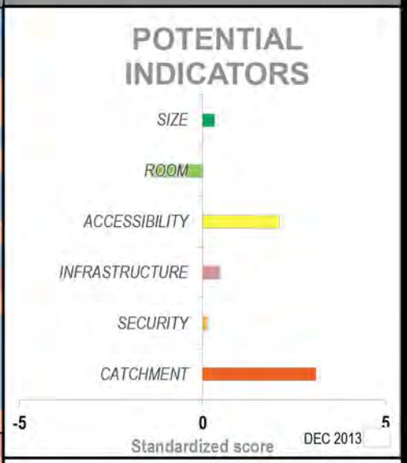


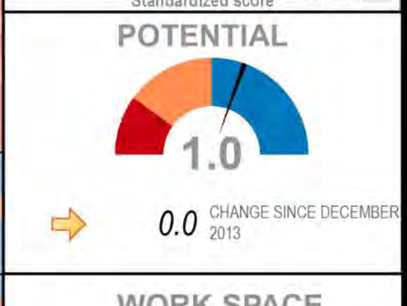
DIAGNOSTIC

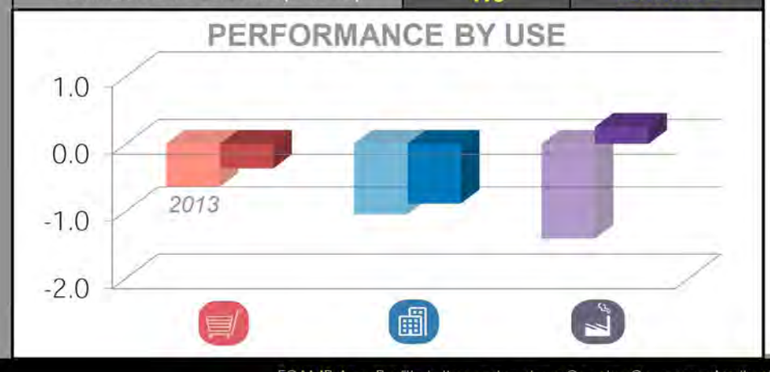


LOCATION POTENTIAL

	SUB-INDICATORS	VALUE	+/-
Size	Office, by Internal Floor Space m2 (2012)	165 037	VERY LARGE
	Street-front retail, by IFS (2012)	113 158	VERY LARGE
	Shopping centre retail, by IFS (2012)	31 741	LARGE
	All industrial, by IFS (2012)	301 615	MODERATE
	Warehousing, by IFS (2009)	46 334	MODERATE
	Light industrial and workshops, by IFS (2009)	40 991	LARGE
	Conventional industrial, by IFS (2009)	153 688	MODERATE
	Industrial property value density, R/m2	R 1 902	HIGH
	Commercial property value density, R/m2	R 3 750	HIGH
	Total value of improved industrial properties	R 725 726 635	MODERATE
	Total value of improved commercial properties	R 2 588 565 675	VERY HIGH
	Mean value of improved industrial properties	R 4 568 671	LOW
	Mean value of improved commercial properties	R 6 477 486	MODERATE
	Count of improved commercial parcels	481	MULTIPLICITY
	Count of improved industrial parcels	143	MANY
	Office work places (est.)	8 252	MULTIPLICITY
	Retail work places (est.)	6 293	MULTIPLICITY
	Industrial work places (est.)	6 224	MODERATE
Room for Growth	Mean size of improved industrial property	2 668	SMALL
	Mean size of improved commercial property	1 727	MODERATE
	Future industrial bulk, m2 (2012-2032)	12 713	BELOW AVERAGE
	Future office bulk, m2 (2012-2032)	4 663	AVERAGE
	Vacant industrial land, R/m2	R 2 000	VERY EXPENSIVE
	Vacant industrial land as % of total	2.7%	CONSTRAINED
	Extent of vacant industrial land, m2	10 715	CONSTRAINED
Access	Distance to regional market nodes	25	WELL-LOCATED
	Distance to freight corridors, gateways	23	VERY WELL-LOCATED
	Congestion index	17	MODERATE
	Public transport level-of-service (index)	9	VERY HIGH
	Public transport connectivity (index)	8	VERY HIGH
Infra-structure	Electricity (index)	1	LOW RISK
	Water reticulation (index)	2	HIGH RISK
	Waste water treatment capacity (index)	2	MODERATE RISK
	Sewer (index)	2	HIGH RISK
	Stormwater (incl flood risk/sea rise) (index)	1	LOW RISK
Security	Business burglaries	41%	UNSAFE
	Business robberies	4%	MODERATE
5km Catchment	Workers with tertiary education (2011)	84 337	VERY HIGH
	Postgraduates (2011)	18 644	VERY HIGH
	Morning commuter arrivals (all modes)	64 609	VERY HIGH
	Future demand for retail, m2 (2012-32)	6 442	HIGH
	Per capita monthly disposable income (2011)	R 5 870	LOW
	Aggregate annual disposable income (2011)	R 24 755 367 885	HIGH
COMPOSITE POTENTIAL (-5 to +5)		1.0	TENTATIVE







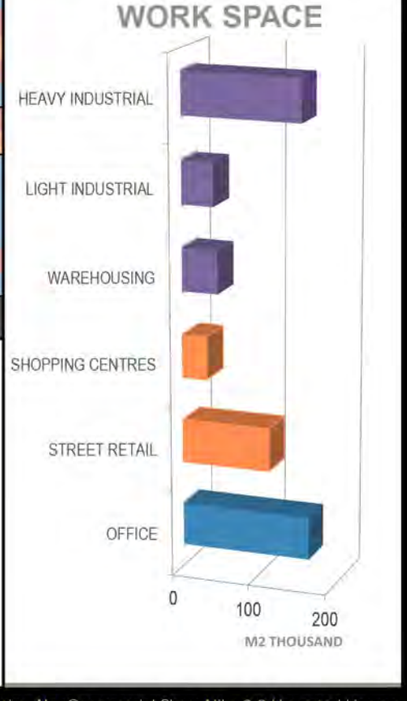


Figure 7.8: Goodwood/Parow Economic Profile (Source: ECAMP, CCT 2015)

These indicators place the Goodwood/Parow composite ECAMP diagnostic between the 'opportunity' and 'growth' phases, with the industrial sector just moving into the 'growth' phase, fairly close to equilibrium, but the retail and office sectors in the 'opportunity' zone, due to the location potential outweighing the current performance for these sectors. One set of potential explanations, provided by Rabe et al (2015), for the poor performance of an area relative to its potential is market failure, such as information asymmetry, oligopolistic land markets and policy uncertainty. Figure 7.9 illustrates a prioritisation framework which matches various place-based strategies and associated planning instruments to particular business districts based on their diagnostic assessment.

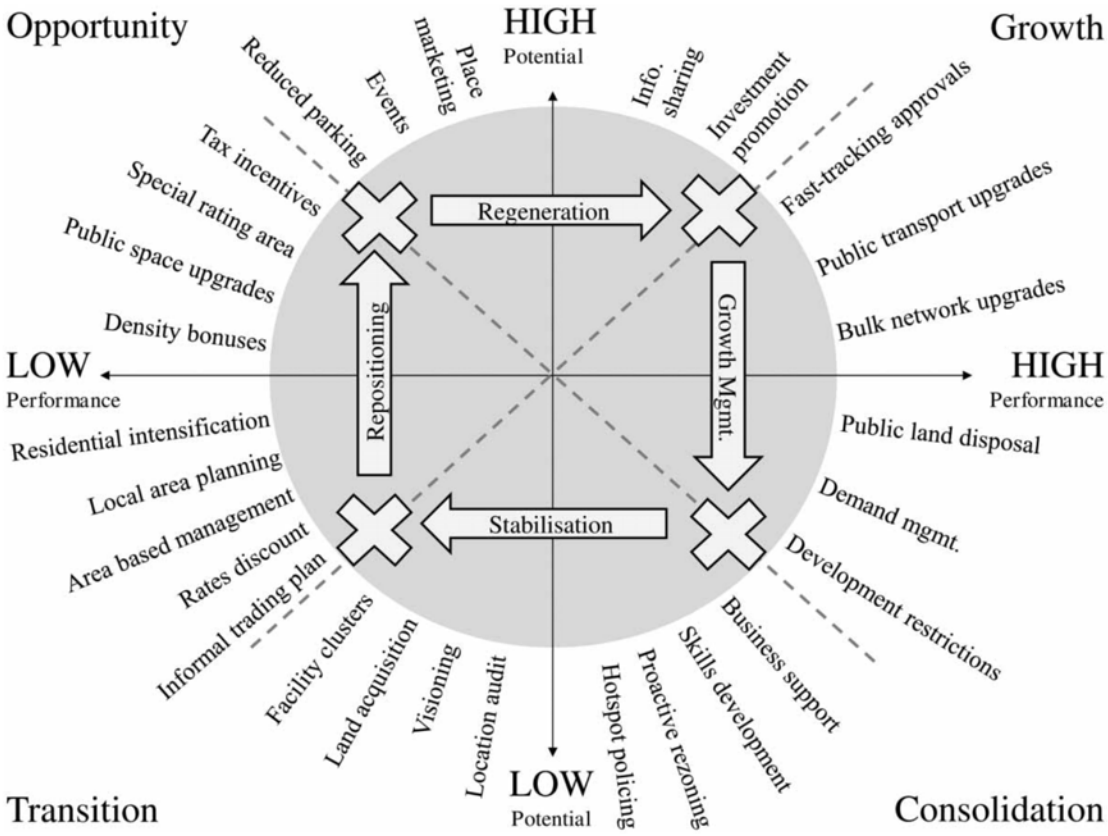


Figure 7.9: Prioritisation Framework for Spatial Targeting (Source: Rabe et al 2015: 15)

According to this framework, Goodwood/Parow is (unsurprisingly) in the quarter which points to a 'regeneration' strategy, which includes instruments of reduced parking, events, place-marketing, information sharing and investment promotion (largely the activities which the GTP is currently engaged in). Certain instruments falling under the 'repositioning' strategy (which is presumably intended to precede the 'regeneration' strategy) have been implemented in the VRC (such as special rating areas (CIDs), tax incentives (UDZ), informal trading plans and, to some extent, local area planning and management), but others may still require urgent attention, for example, public space upgrades, density bonuses and *residential intensification*. At the other end, 'growth management' instruments such as fast-tracking approvals, public transport and bulk network upgrades and public land disposal, may need to be considered, in order to address the specific constraints in the area.

7.8 Spatial Assessment

The following table summarises the key opportunities (existing assets and potential for improvements), and the major constraints to regeneration and densification of the Study Area (Parow Train Station Precinct), particularly in terms of increasing the provision of higher-density affordable housing in this area. Where possible, the opportunities and constraints are spatialized, along with zoning and land use, in Figures 7.10 to 7.17 at the scale of the VRC (1: 75,000 on A3) and the Parow Study Area (1: 10,000 on A3).

	OPPORTUNITIES	CONSTRAINTS
Natural Systems	• Fairly flat topography • No significant natural resources (minerals, flora, fauna, agriculture) • Potential to enhance the public green open space system using the Elsieskraal River as a structuring element	• The only major natural constraint is hydrology – the Elsieskraal River runs parallel to the railway line (to the south), creating a flood risk near many of the train stations, including Parow Station.
Heritage	• Celebrate Parow civic node (historic town centre) and Parow Train Station • Retention of mature trees • No heritage overlay zone in Study Area and few heritage buildings abutting VR (few redevelopment constraints)	• Some areas of conservation-worthy buildings (many over 60 years old but not yet graded, including Parow Station, Dutch Reformed Church, Hugo Lambrechts Music Centre and 1920s to 1940s housing)
Transport/ Accessibility	• Excellent metro/regional connectivity • Very good rail infrastructure • Train station and interchange (Parow identified as priority station upgrade and interchange upgrade budgeted) • Numerous bus (mostly Golden Arrow at this stage) and minibus taxi routes • Extensive road network • Giel Basson/Jan Van Riebeeck, McIntyre and De La Rey Roads provide important N/S connections (Figure 7.13)	• Poor rail operating service (vandalism, poor maintenance, rolling stock and signalling systems) and poorly managed station environments (ablutions, lighting, cleanliness, security) • Limited City influence over rail investment/management • Limited N/S connectivity over the railway and VR • Congestion along Voortrekker Road (VR)
Walkability/ Quality of pedestrian environment	• Station Road pedestrian mall enables a highly pedestrianized environment around this area • Walkable distances of 400m (5 minutes) between VR and station and less than 800m (10 minutes) between stations (see 400m and 800m buffers around train stations in Figures 7.13 and 7.17) • Good proximity of civic, social and commercial facilities • Generally clear, simple block layout	• Fast traffic and unsafe pedestrian environment: especially Voortrekker/ De La Rey Road intersection • Lack of human scale along VR: blank edges, car dealerships, warehousing, large shopping centres with parking frontage, loading areas, uninviting spaces, character-less architecture • Very limited trees and landscaping • Size of street blocks (should be 60-100m for human scale): typical blocks south of VR 60-70m N/S x 120-140m E/W, north of VR blocks 200m x 70m

Social Facilities	• Existing higher order facilities • Civic precinct forms a local node, drawing pedestrians • Tertiary education institutions (Northlink College Parow Campus, UNISA) • Numerous nearby health facilities (4 private and 1 public hospital, 4 clinics in Goodwood/Parow alone) • Primary and secondary schools are well-used and have excess capacity (36 schools in Goodwood/Parow) • Parow public library has high capacity but requires upgrading • Police and fire stations adequate	• Risk of capacity constraints with residential densification • Low operating budgets limit possibilities for expanded services • Low levels of planned investment for new/replacement schools • Limited public/green spaces, sports and recreation facilities and urban agriculture/community gardens, particularly south of VR
Infrastructure	• Established infrastructure • Parow East and Parow Valley have relatively low infrastructure risk • Upgrading programme underway, including Athlone and Bellville waste water treatment works (WWTW) • Information and communications technology (ICT) networks • Need for increased recycling (potential for local jobs)	• Aging and over-capacity infrastructure constrains densification, particularly the water reticulation and sewer network in Parow • VRC storm water system requires significant upgrading • WWTW moderately constrained, especially until upgrades complete • Infrastructure risk requires iterative re-evaluation to support densification (future replacement/expansion)
Land	• Vacant land (purple stripes, Figure 7.17) • Public land holdings (State-owned in brown and City in purple in Figure 7.17) • Lots of large parking lots (potential for development/better use, shown in light grey on the zoning map, Figure 7.14) • Underutilised development rights • Relatively low land/property values compared to the CBD/other good locations (especially south of VR)	• Limited large-scale public land in Parow compared to other VRC areas • Fragmented land ownership • Small erf sizes constrain higher density development possibilities/create delays due to need for consolidation
Housing	• High demand for low/middle income housing, especially rental, and relatively good affordability • High potential for incremental residential densification • Conversions/redevelopments of existing building stock along VR • Good socio-economic index provides good receiving environment • Established student & social housing developers committed to the area	• Large areas of single residential zoning, restricting density, multiple dwellings and mixed use • Lack of density abutting VR (generally only around 2 storeys in Parow) • Limited higher density office/industrial building stock for redevelopment • Lack of gazetted social housing Restructuring Zones (RZs) • Over 700 homeless people in the VRC and limited shelter facilities

Economy	• Good economic potential • Many employment opportunities • Strengthen local value chains (e.g. auto repairs/parts cluster) • Innovation economy (linking tertiary institutions and small businesses) • Commercial zonings abutting VR Station Road allow for good mix of uses • Major retail destinations (such as Parow Centre and Shoprite Park) • Foschini Group headquarters and call centre (employer housing potential) • Vibrant informal trade in Station Road and Parow Market	• Poor economic performance, largely due to increasing crime • Decline in manufacturing sector • Premium office park and shopping centre developments north of N1 and even shopping centres within the Study Area have pulled pedestrian activity and 'high-end' commercial investment away from Voortrekker Road (see Figure 7.12 and 7.16)
Mixed use intensification	• City's Tygerberg District plan identifies a mixed use intensification zone in Parow, between VR and railway • Intersections of VR with De La Rey and McIntyre could support intensification • Consolidate City-owned parking lots	• Building owners hesitant to maximise development rights due to current use value, and complexities of mixed use • Excessive parking requirements
Urban Management	• Established CIDs have initiated some improvements in safety and cleanliness • GTP is targeting regeneration and building partnerships between public and private actors • Public murals/street art and events • CCTV upgrades • Deteriorated buildings (see Figure 7.17) offer an opportunity to redevelop to higher residential densities and higher quality (balanced with affordability)	• Crime: Parow Station Precinct is a crime hotspot, especially at night, sharp rise in business robberies • Grime: Parow Station Precinct has significant dumping, lack of provision of waste disposal to informal traders • Potholes in Goodwood/Parow (limited maintenance budget) • Problem buildings (concentration around Station Road) create 'slum' conditions (but also some cheap housing) and attract illegal activity
Grants, funding and incentives	• VRC Integration Zone (IZ) benefits from targeted government grants • Urban Development Zone (UDZ) covers parts of the VRC, mostly abutting VR • Social Housing Restructuring Zones (RZs) in parts of the VRC (Goodwood, etc.) • TUHF funding targets the VRC • Public Transport Zone (PT 2) around the station allows for reduced parking requirements (see Annexure E)	• Large areas of Parow are not designated as UDZ • Parow is not gazetted as a RZ (social housing funding/delay constraint) • PT zone parking requirements are still excessive (for example, 1 bay per 2nd dwelling unit) and limited in coverage • Significant population of foreign nationals and single households not eligible for housing subsidies

Table 7.1: Parow Study Area Opportunities and Constraints

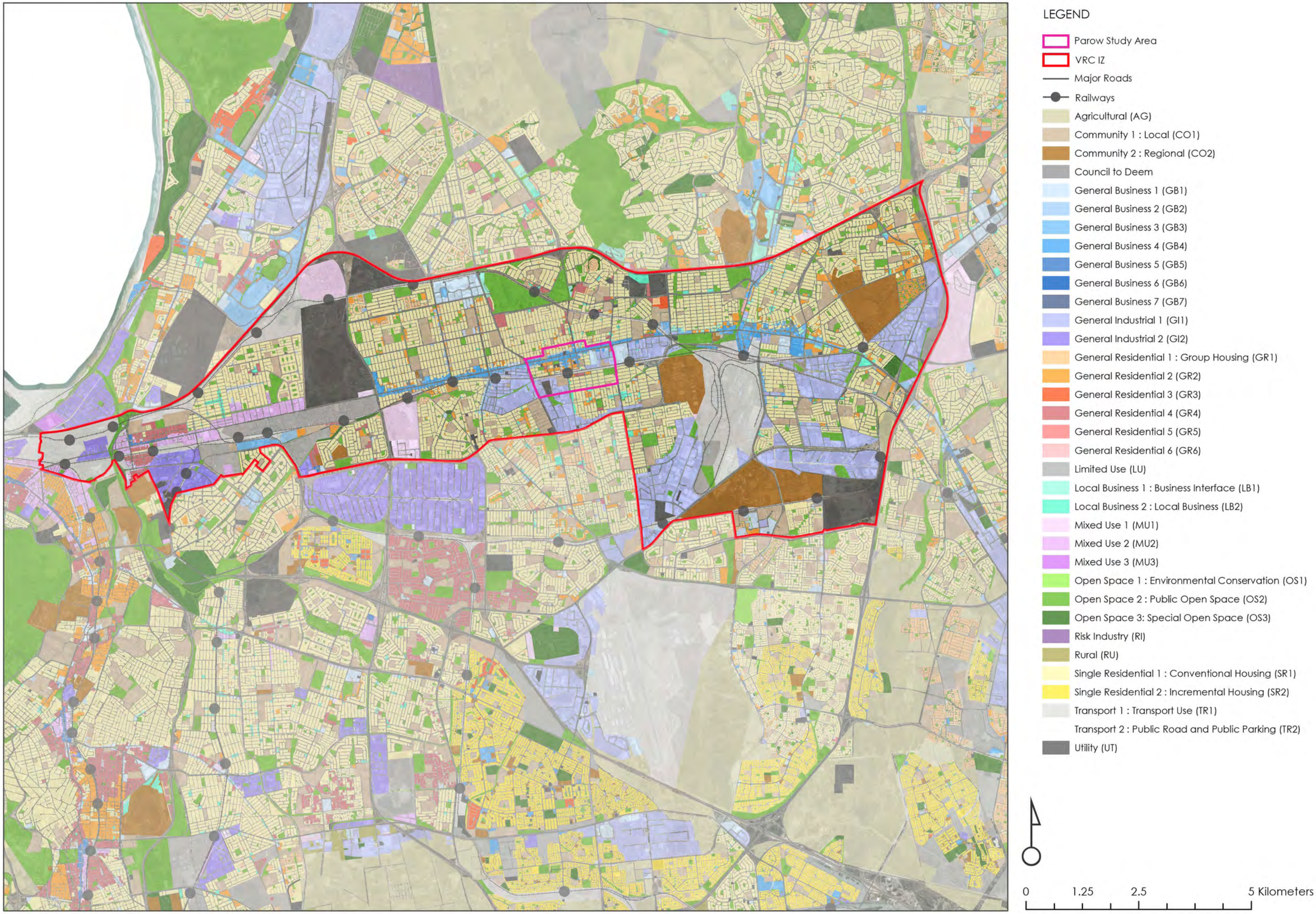


Figure 7.10: Voortrekker Road Corridor Zoning Map (Source: Author, Data: GIS, CCT)

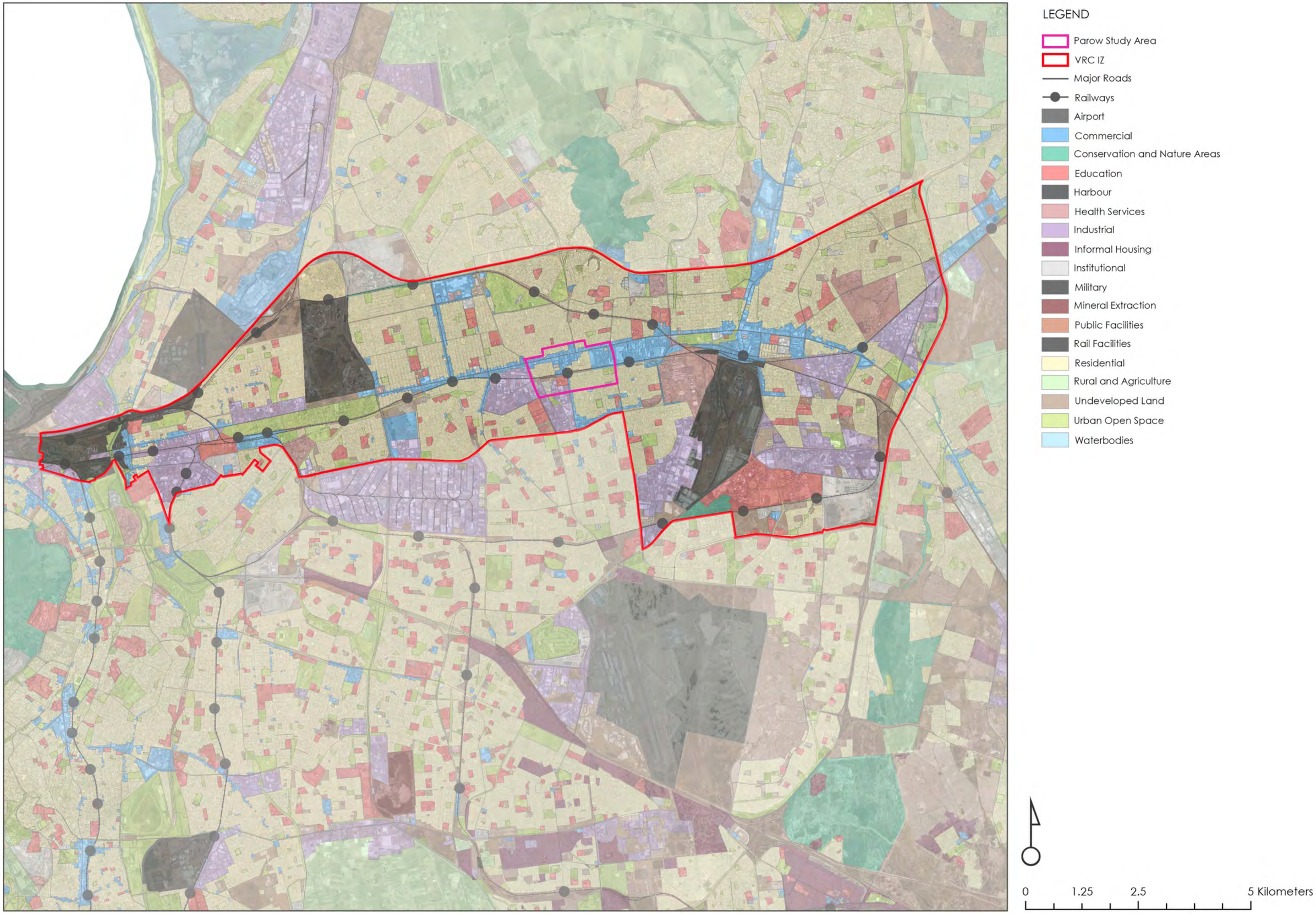


Figure 7.11: Voortrekker Road Corridor Land Use Map (Source: Author, Data: GIS, CCT)

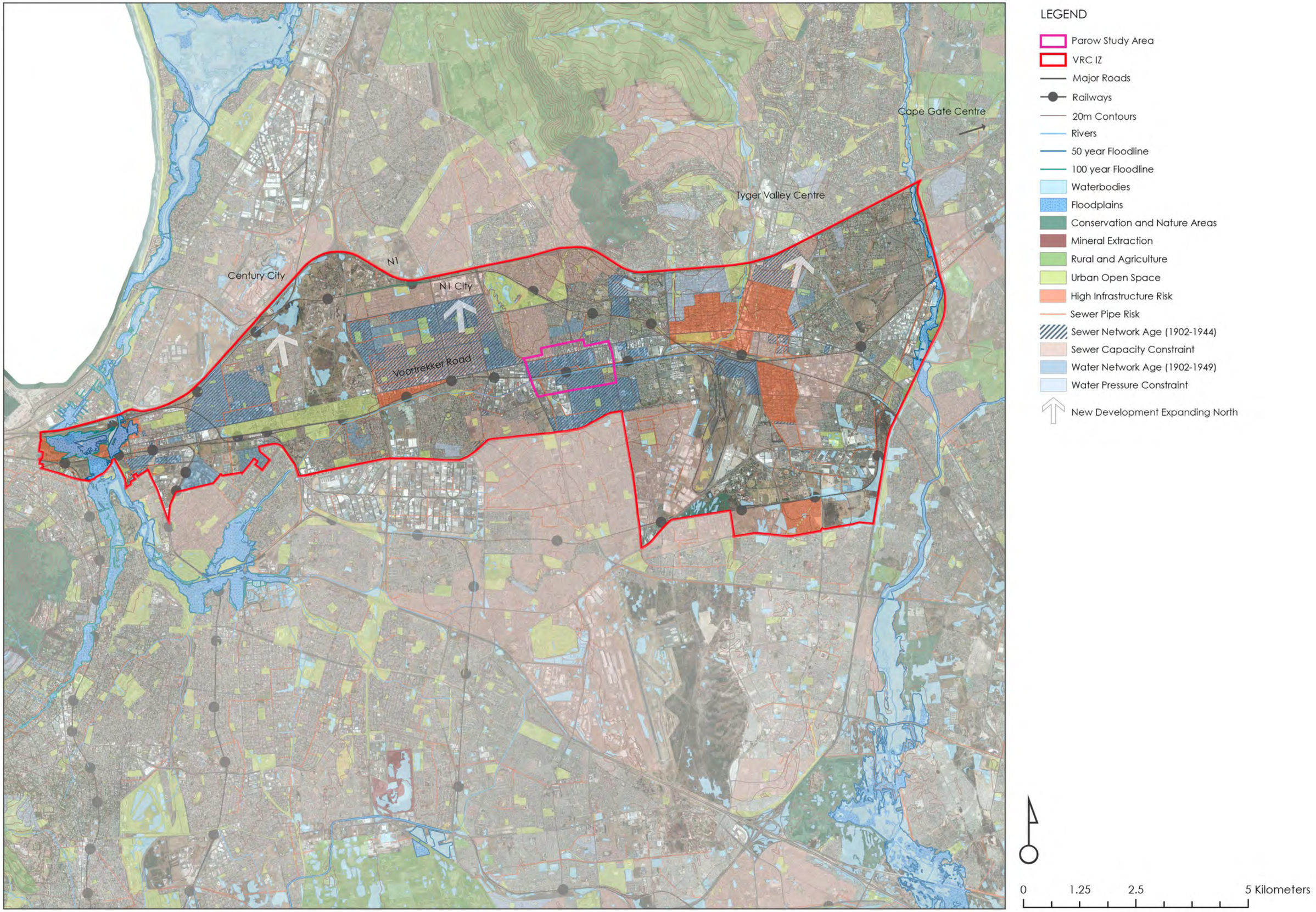


Figure 7.12: Voortrekker Road Corridor Constraints Map (Source: Author, Data: GIS, CCT)

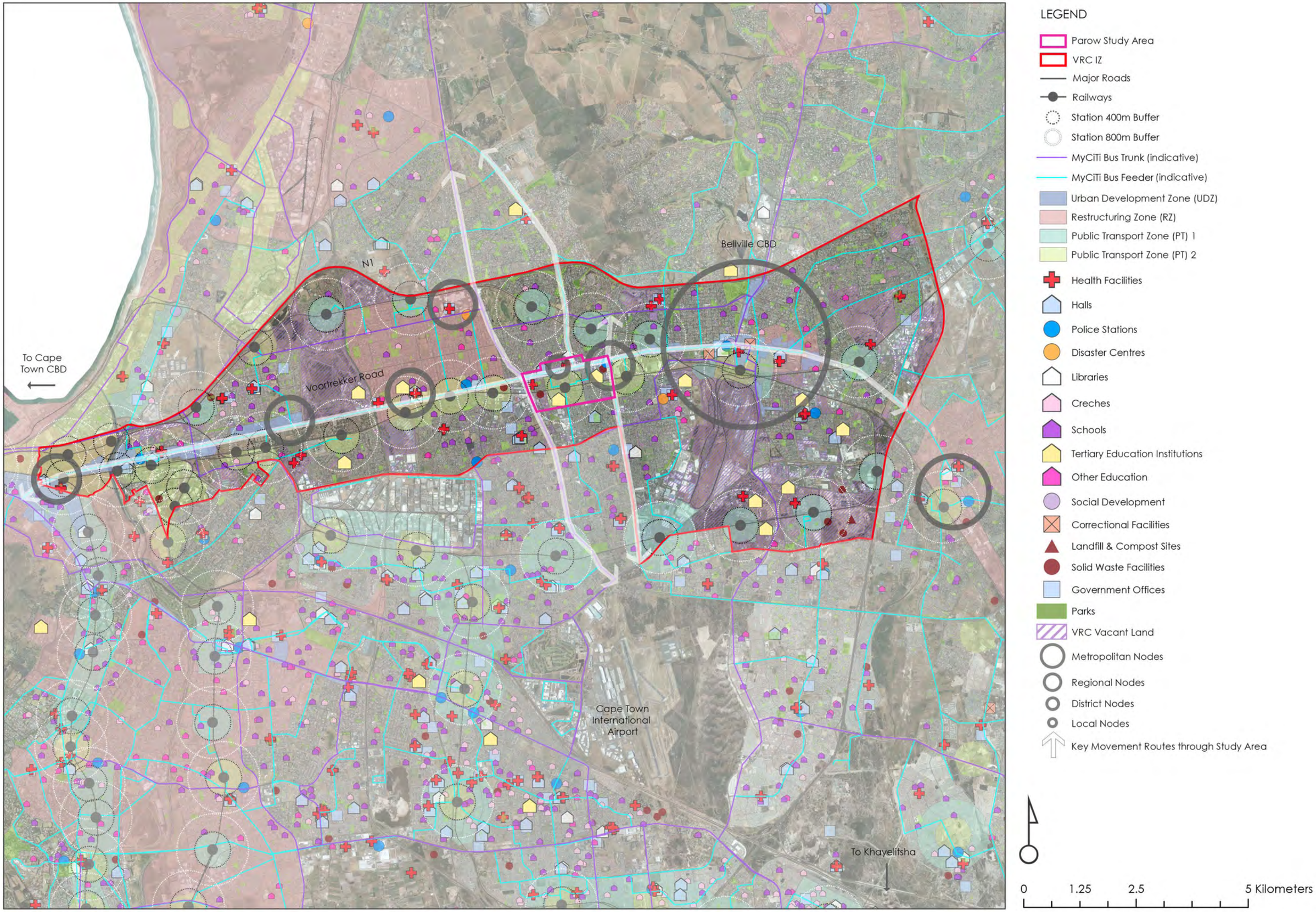
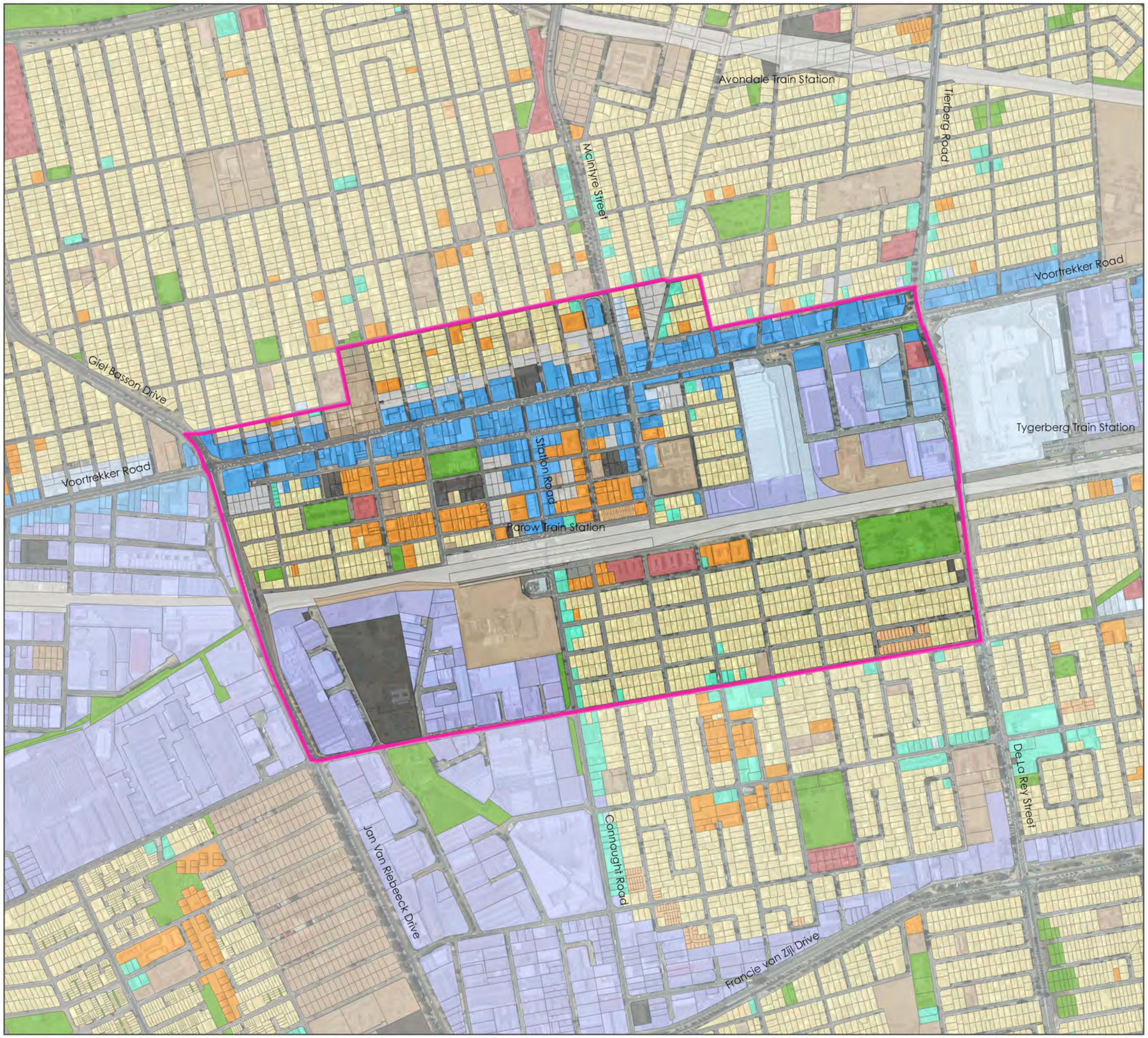


Figure 7.13: Voortrekker Road Corridor Opportunities Map (Source: Author, Data: GIS, CCT)



LEGEND

- Parow Study Area
- Property Boundaries
- Agricultural (AG)
- Community 1 : Local (CO1)
- Community 2 : Regional (CO2)
- Council to Deem
- General Business 1 (GB1)
- General Business 2 (GB2)
- General Business 3 (GB3)
- General Business 4 (GB4)
- General Business 5 (GB5)
- General Business 6 (GB6)
- General Business 7 (GB7)
- General Industrial 1 (GI1)
- General Industrial 2 (GI2)
- General Residential 1 : Group Housing (GR1)
- General Residential 2 (GR2)
- General Residential 3 (GR3)
- General Residential 4 (GR4)
- General Residential 5 (GR5)
- General Residential 6 (GR6)
- Limited Use (LU)
- Local Business 1 : Business Interface (LB1)
- Local Business 2 : Local Business (LB2)
- Mixed Use 1 (MU1)
- Mixed Use 2 (MU2)
- Mixed Use 3 (MU3)
- Open Space 1 : Environmental Conservation (OS1)
- Open Space 2 : Public Open Space (OS2)
- Open Space 3: Special Open Space (OS3)
- Risk Industry (RI)
- Rural (RU)
- Single Residential 1 : Conventional Housing (SR1)
- Single Residential 2 : Incremental Housing (SR2)
- Transport 1 : Transport Use (TR1)
- Transport 2 : Public Road and Public Parking (TR2)
- Utility (UT)

0 0.125 0.25 0.5 Kilometers

Figure 7.14: Parow Study Area Zoning Map (Source: Author, Data: GIS, CCT)

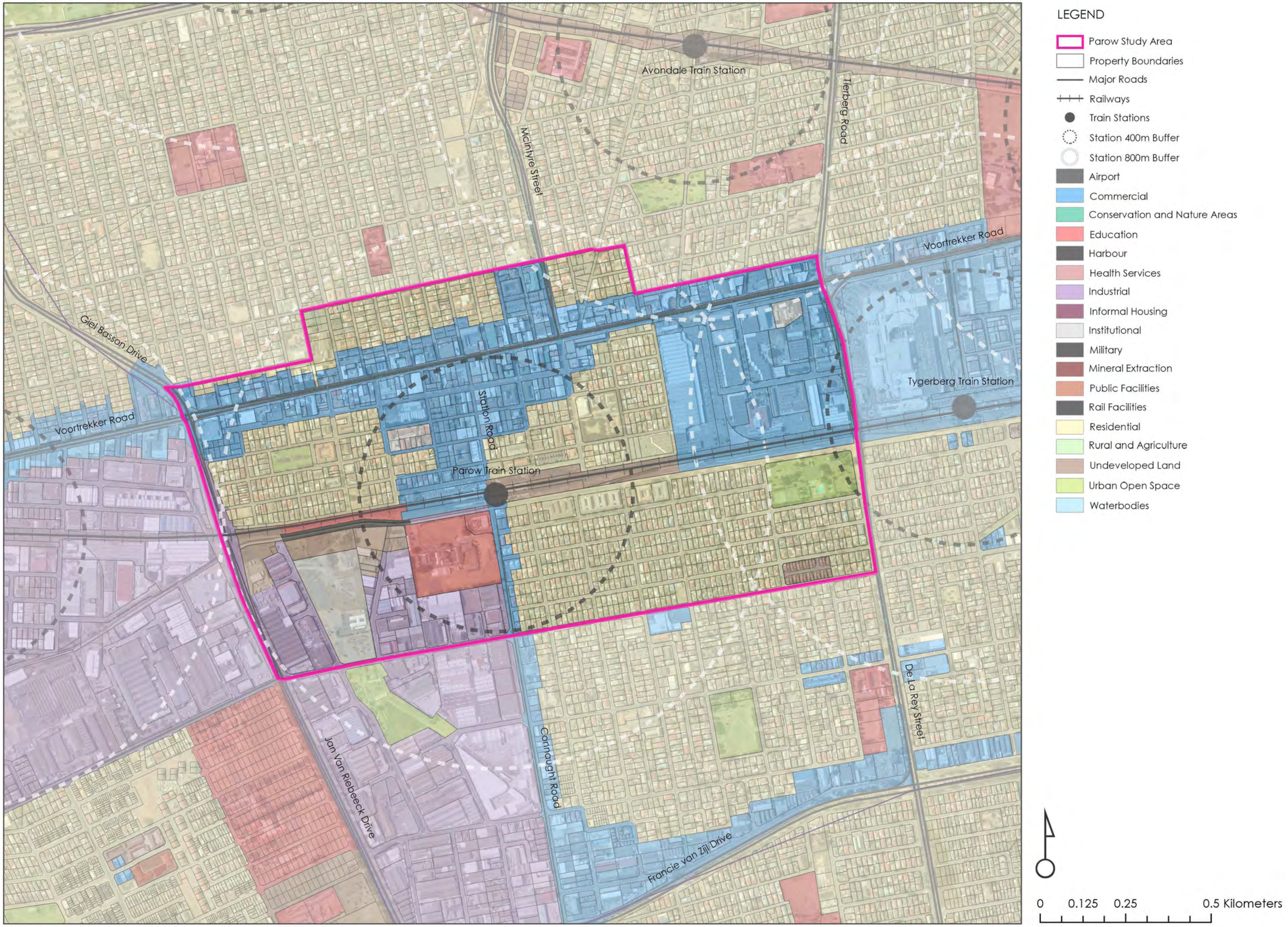


Figure 7.15: Parow Study Area Land Use Map (Source: Author, Data: GIS, CCT)

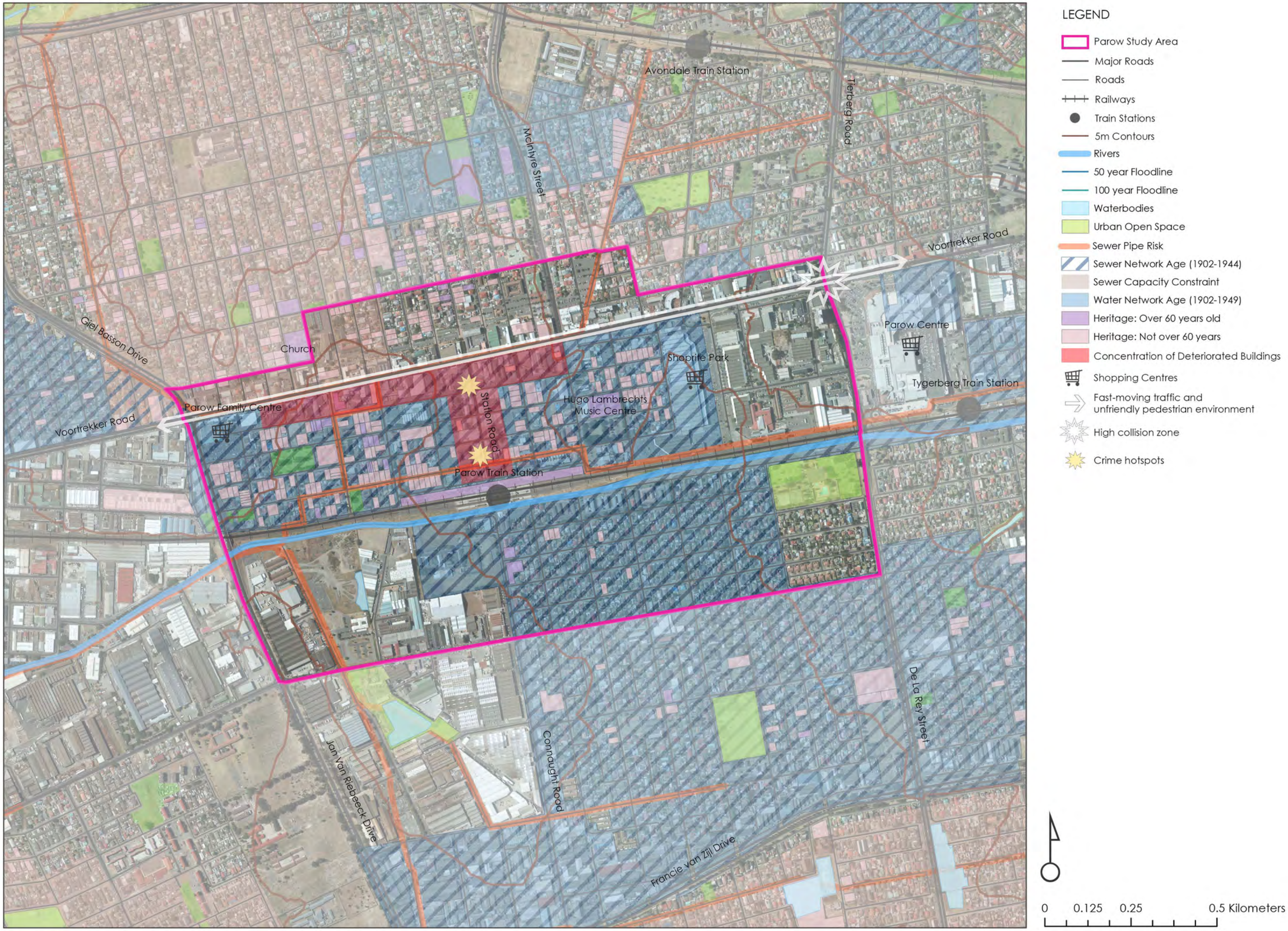


Figure 7.16: Parow Study Area Constraints Map (Source: Author, Data: GIS, CCT)

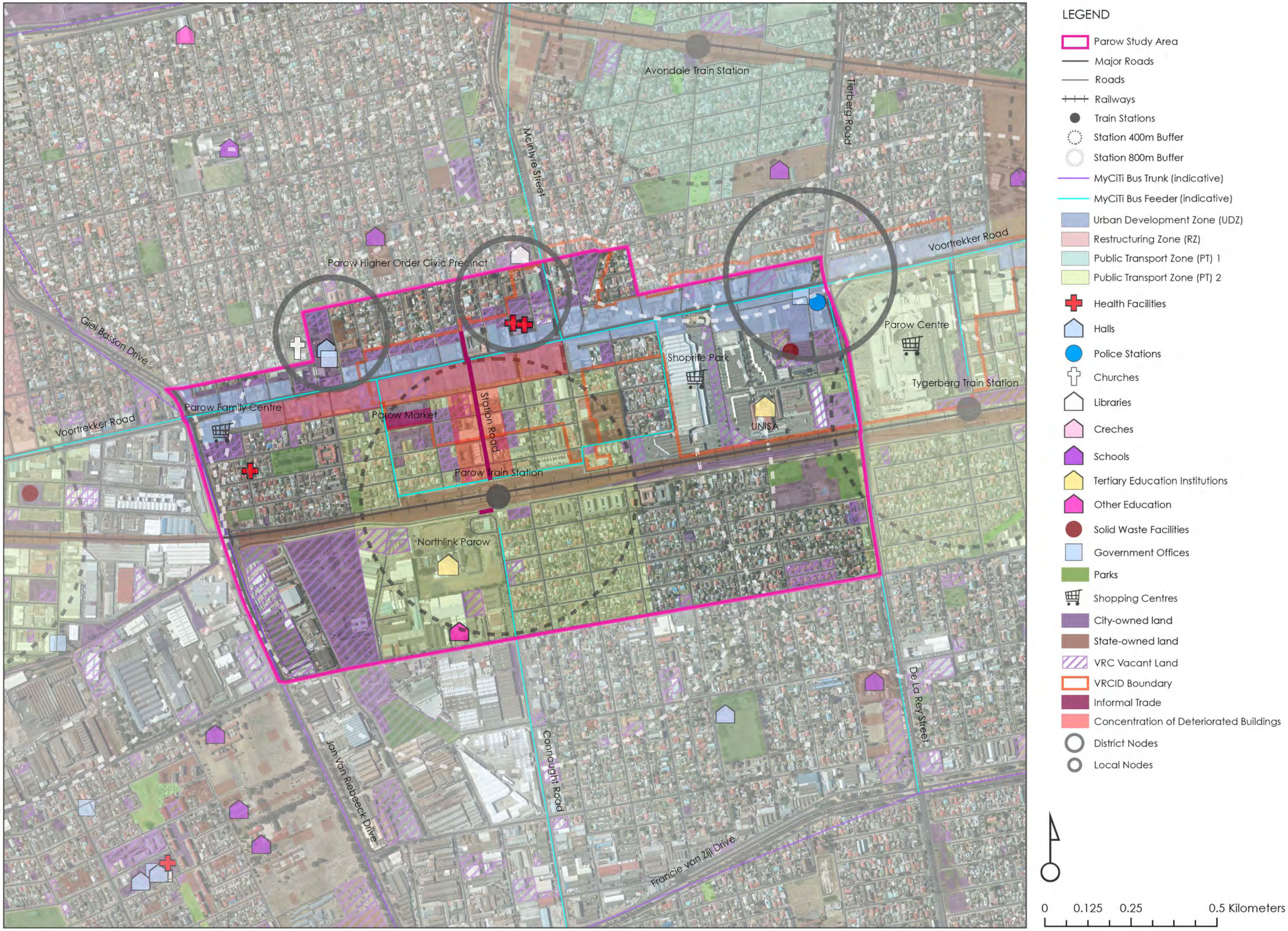


Figure 7.17: Parow Study Area Opportunities Map (Source: Author, Data: GIS, CCT)

7.9 Conclusion

The Study Area exhibits many of the preconditions necessary for successful affordable housing, urban regeneration and TOD, including proximity to public transport networks and interchanges; proximity to numerous economic opportunities and social facilities; existing buildings, infrastructure and amenities; capacity to absorb mixed-use densification; and potential for integrating different socio-economic groups. Opportunities exist for infill development of vacant public land, redevelopment of deteriorated buildings, and incremental densification of existing low density residential areas. However, the area faces significant constraints to regeneration and densification, for example, increasing crime, constrained services infrastructure, fragmented land ownership, and a deteriorating and poorly managed urban environment, particularly for pedestrians. Using these assets and issues as a platform, the next chapter proposes interventions to improve the quality and functioning of the VRC and Parow Train Station Precinct, with a focus on increasing the provision of affordable housing in appropriate ways.

Chapter 8: Intervention Recommendations

8.1 Introduction

Based on the opportunities and constraints identified in the previous chapter, this chapter proposes interventions at various scales to improve the quality and functioning of the VRC and Parow Train Station Precinct, with a focus on increasing the opportunities for well-located affordable housing. First, holistic principles to guide intervention in the study area are set out. Then, a local area framework and intervention recommendations to guide public and private action over the next 10 years are presented.

8.2 Principles for Intervention

The primary focus of this dissertation is on increasing opportunities for well-located affordable housing, in support of integration, inclusivity and sustainability. However, planning interventions must always consider sites holistically. Based on the analysis of the study area presented in the previous chapter, intervention should be guided by principles supporting transit-oriented development (TOD) and safety. TOD principles set out by CBRE (2015), Mushongahande et al (2014), Fleming (2014), Gehl and Gemzøe (1996) are:

1) Multi-modal public transport: Public transport infrastructure in the VRC, particularly rail, is already good, but operation and maintenance requires improvement. However, investment in public transport is not sufficient – promotion of other TOD principles is key to success.
2) Mix of land uses and variety of housing: Complementary land uses allow people to live, work, shop, eat, play and explore in the precinct, creating vibrancy; while variety in housing type, tenure and design allows for greater choice, affordability and diversity of people (incomes, ages, cultures, transient students and more stable families).
3) High-density compact development: Higher density, infill development supports sustainability, affordability, viability of businesses and public transport. To achieve the minimum gross density of 25 du/ha required to support scheduled transit by 2040, an estimated minimum delivery rate of 4455 residential units per annum is needed in the VRC (CCT 2014a). Density should be highest along major transport routes and at key transit/station nodes (the Cape Town Densification Policy (2012b: 14) advocates for net densities between 100 and 375 du/ha (4 to 15 storeys) along Voortrekker Road), tapering to more human scale 2 to 4 storeys elsewhere. Densification and TOD takes decades to achieve, so incrementalism, flexibility and robustness are required to support change over time. Different means of achieving densification are illustrated in Figure 8.1.
4) Walkability: Safe, legible pedestrian and bicycle networks connecting key destinations; pedestrian-only and -priority streets and public squares; permeability/small block sizes (around 60m); traffic calming measures; and gradual reductions in parking contribute to more pleasant, attractive environments and to enhanced business performance (see Figure 8.2).

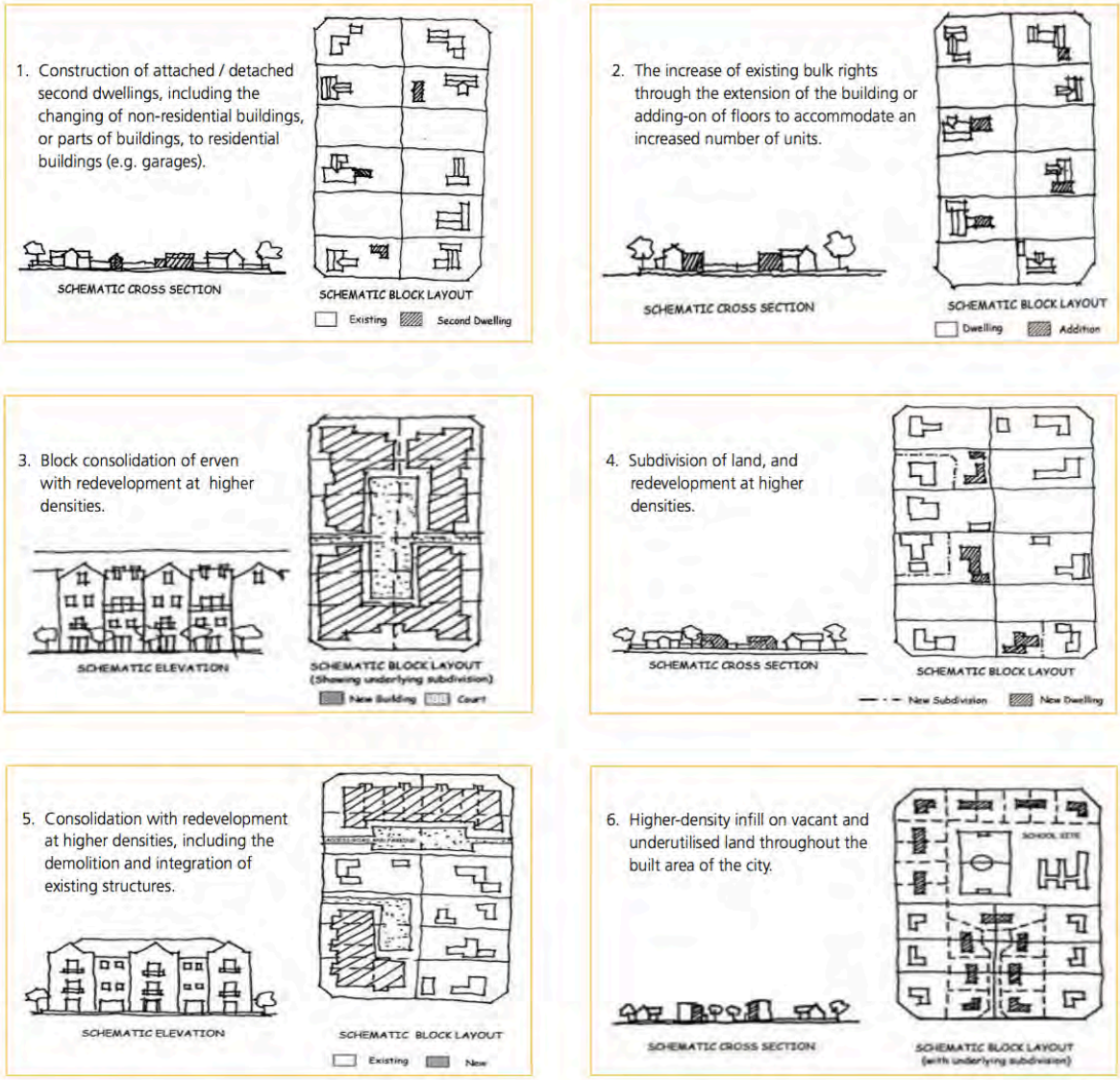


Figure 8.1: Strategies for densification in developed areas (Source: CCT 2012b: 6)

Figure 8.2: Broadway, a business corridor in Salt Lake City, has experienced increased retail sales as a result of investments in the streetscape, including planting, better crosswalks and pavements, public art, 30% reduced parking, and conversion of diagonal parking to bicycle lanes protected by parallel parking (Source: Andersen 2015)

At a more detailed level, urban design principles which support safety, sense of place and sustainability must be followed, including those set out in the Cape Town Urban Design Policy (CCT 2013b), Violence Prevention Through Urban Upgrading (Peyroux et al 2009) and Guidelines for a Safer City (CCT 2014b):

1) Clear boundaries and collective ownership of public space: Cluster multi-use public facilities overlooking open/public spaces; activate vacant land; create opportunities to linger (activities, street furniture) and safe spaces for children (and adults) to play; design continuous building frontage and perimeter blocks (with safe, multi-use internal courtyards) to define streets and other public spaces; extend sense of ownership through public-private transitions (see Figures 8.3, 8.4 and 8.5).
2) Increased surveillance and visibility: Active edges and street-level uses (including informal trade) offer passive surveillance ('eyes on the street') (see Figure 8.3); mix of activities (day and night); effective lighting; no gated complexes or large parking lots.
3) Good urban management and monitoring: Area-based management; engage communities and businesses; secure funding; monitor safety; events and activities (art, culture, sport).
4) Localisation and sustainability: Design for robustness, low maintenance and sustainability to minimise operating costs and strain on bulk services; promote local water capture; permeable surfaces; local food and energy production.

Figure 8.3: Design land uses and interfaces to extend sense of ownership over public realm (Source: CCT 2014b: 14)

Taking all of the above planning and urban design principles into account, Figures 8.6 and 8.7 show an indicative street section and images of the envisioned streetscape of Voortrekker Road and other major movement routes, where the highest densities and concentration of commercial uses should occur (and where densification should initiate). The same principles hold for the remaining areas, but at slightly lower densities and higher concentrations of residential and social uses.

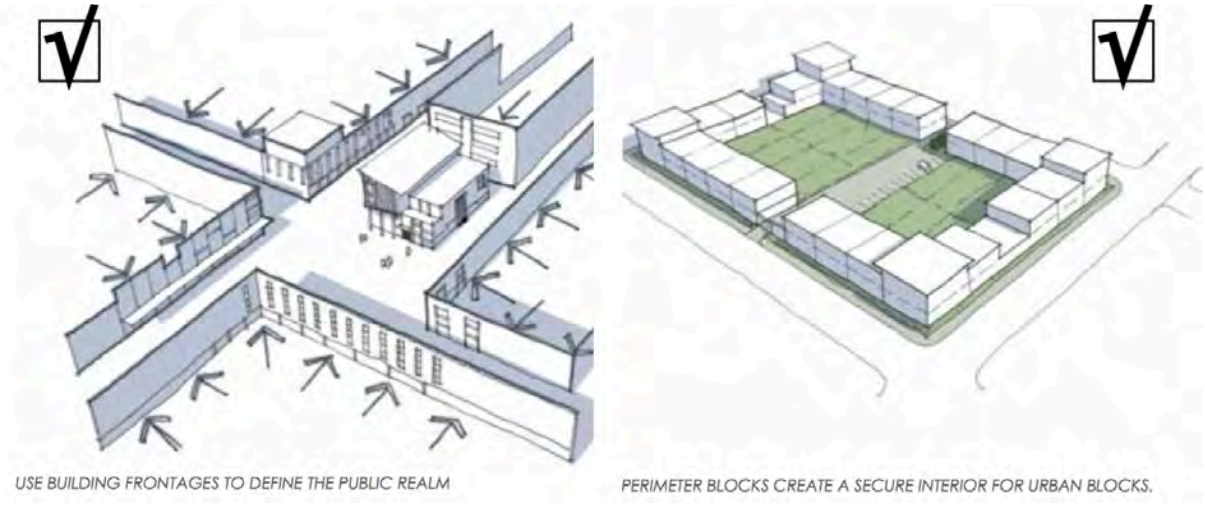


Figure 8.4: Continuous building frontage and perimeter blocks define spaces and provide passive surveillance (Source: CCT 2014b: 13)

Figure 8.5: Drommedaris, Brooklyn and Steen Villa, Steenberg are good examples in Cape Town of housing typologies providing density, defined edges and courtyards (Source: Author (left) and www.capetown.go.za (right))

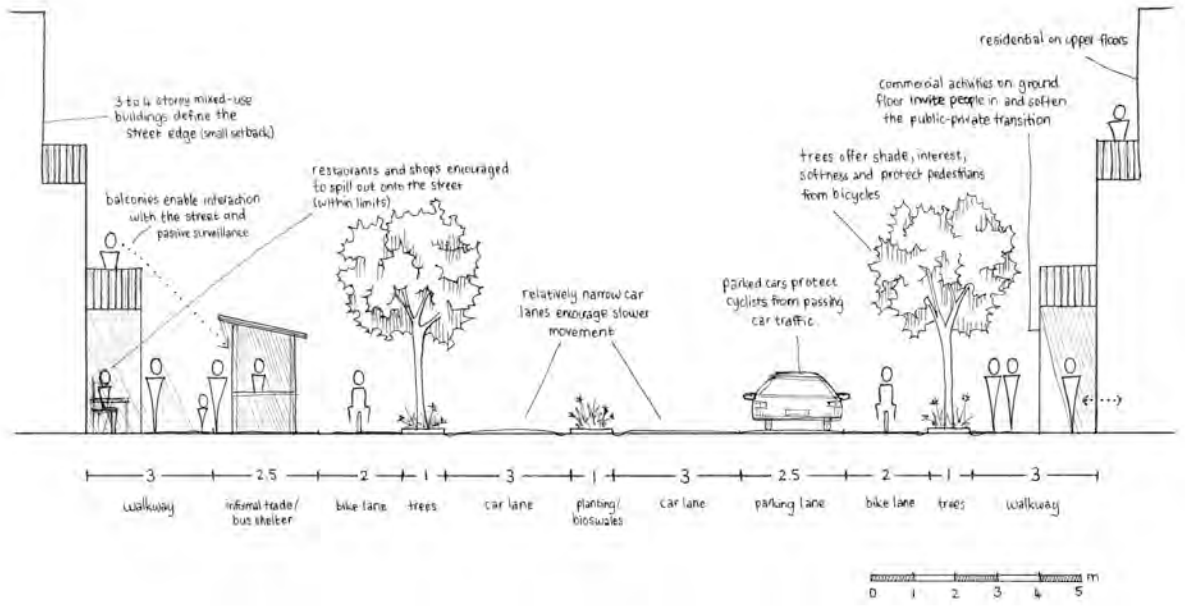


Figure 8.6: Indicative street section showing urban design principles (Source: Author)

Figure 8.7: Voortrekker Road, Parow before and after application of design principles (Source: CCT 2012b: 13)

8.3 Intervention and Implementation Recommendations

The public sector cannot completely oppose market forces, but shouldn't be completely at the mercy of market forces either. The City must be clear and clever about when, where and how to intervene. The interventions proposed here are primarily simple, regulatory and institutional instruments, which the City has the power to implement within a short- to medium-term timeframe. However, they are based on a sound understanding of market dynamics, challenges, opportunities and potential solutions (as presented in the preceding chapters). The overall approach is informed by the need for the City to be proactive in order to minimise delays and obstacles to development. Since timing and execution are integral to the proposals, implementation is considered simultaneously with interventions.

The starting point is a long-term city-wide strategic plan which brings together urban regeneration, TOD and affordable housing, with clear objectives, which is broken down and operationalized at a precinct level. The IZ strategy and investment plans mark the promising beginning of such an approach, and the City and GTP have begun building partnerships and preparing an area-based strategy for the VRC, which is a fundamental first step. There are two key refinements required. First, social and affordable housing must be more explicitly recognised, publicised and enabled as a driver of urban regeneration in this area (along with key public investment). Second, the VRC is probably too large to be considered a 'precinct', so the next step (which is beginning) is to drop down to Prioritised Local Areas (like the Parow Study Area) and establish Design Guidelines (such as the principles set out above) and a programme of interventions, as set out below, starting with catalytic public space investments. These do not necessarily require massive commitments of resources, but should signal that the urban environment is improving and is for people, not cars. Table 8.1 sets out key public space interventions, mapped in Figure 8.8.

DESCRIPTION	ACTORS & FUNDING	TIMING
Public Space Activation: Public art and events to activate community energy towards regeneration and positive use of shared spaces (GTP already initiated)	GTP, Open Streets, residents, community/youth/sports groups, businesses, City, etc.	Ongoing
Community safety audit: Identify crime hotspots and times to inform future design/operation interventions, possible extension of VRCID in Parow (if affordable)	City, GTP, VRCID, VPUU, SAPS, residents, commuters, informal traders, businesses	Immediate
Site 1: Parow Train Station and interchange upgrade (heritage-sensitive restoration) with market/ informal trade facilities and 2-3 storey row housing/ live-work units, possibly serving as temporary relocation area (TRA) for nearby buildings being redeveloped, Site 30 (city-owned, opposite side) could be included. Higher density development, including a 'skywalk' bridge is possible, but should be weighed against heritage.	City and GTP to initiate partnership with State/PRASA (owner of land and station operator), Transport for Cape Town (TCT), informal traders	Immediate (catalytic, possibly used as TRA)
Station Road informal trade facilities/ urban upgrade for pedestrian environment (trees, shelter, utilities, storage) with no cost/disruption to traders	City, GTP, informal traders	Within 1 year

Traffic calming measures and pedestrian-safe crossings on Voortrekker Rd and at Parow Station (paving, wider pavements/narrowed lanes, plants, possibly traffic lights), allow restaurants/people rather than parking to occupy the surrounding public realm (trees, street furniture, lighting, bike parking, see Figure 8.7)	City, GTP, TCT	Initial (mapped) proposals within 1 year, incremental improvements (e.g. bicycle & bus lanes, reduced parking)
Rehabilitation of Elsieskraal River and natural vegetation to provide flood attenuation and attractive linear park with pedestrian and bicycle path, inviting surrounding buildings to overlook the open space	City, GTP, DWAF, WESSA, Working for Water	Within 5 years
Shopping centre rooftop activations (Parow Centre, Shoprite Park, etc.) if structures allow (5-a-side soccer, community gardens/green roofs, parking, events) to provide more positive public space, permeable surfaces, surveillance over area and extra income. As in the Maboneng Precinct, shipping containers could provide low-cost coffee shop/street activation, perhaps in parking lots abutting VR	City and GTP to initiate proposals with shopping centre owners and local entrepreneurs	Investigate possibilities immediately

Table 8.1: Key Public Space Interventions for the Parow Study Area

Since timing is crucial in property development, a vital early step is to identify and secure public land in the area (ensure it is not sold off, see Figure 8.8) and make this available (on long (at least 50 year) leases at low cost) for public benefit uses, such as social/affordable housing, which can act as a catalyst for regeneration. This will require the gazetting of a social housing Restructuring Zone (RZ) over at least the area in Figure 8.8, to allow SHIs and other developers to access the RCG funding without unnecessary delays. Retaining City ownership of land is vital in this context because it will allow for future uses to be determined in line with changing needs of the area. While government vision is critical, it is equally vital that other stakeholders (community and business) and potential development partners are engaged early to structure ongoing relationships (including SHIs, employers (such as the Foschini Group), student/affordable housing developers, TUHF, financial institutions), as the GTP is doing already. Table 8.2 highlights key development proposals for undeveloped land (mostly social/affordable housing).

DESCRIPTION	ACTORS & FUNDING	TIMING
Designate social housing Restructuring Zone (RZ)	City, Province, SHIs	Immediate
Sites 2 – 25 (all city-owned parking lots suitable for social/affordable housing): Where multiple erven exist within the identified site, they should be consolidated to allow maximum development rights without delays (not across site boundaries to maintain permeability), and adjacent sites could be packaged together to enable economies of scale. Rezone to General Residential (GR4) to allow at least 3 – 4 storey perimeter blocks/ row housing, possibly General Business (GB4) to allow retail/restaurants on ground floor	City, GTP, SHIs first, possibly student housing and other affordable housing developers	Begin immediately with consolidation, rezoning and negotiations, develop incrementally over the next few years with undeveloped sites offering parking while the area adjusts to gradual reductions

Sites 33, 35, 36: Private owners should be approached to consider joint development with above city sites	City, GTP, SHIs, private owners	Immediate
Site 37: Excessive parking for Shoprite Centre could be significant row housing near UNISA and shops, providing extra footfall and surveillance (win-win), similar but smaller scale for city-owned Site 27	City, GTP, Shoprite Park/land owners, social/ student housing developers, UNISA	Within 5 years
Site 31 & 32: Public park and recreation facilities would benefit from social housing around the perimeter, and park setting may allow for mixed income (medium income units to cross-subsidize lower income units)	City, GTP, SHIs	Within 5 years
Site 28 & 29: Surrounding general industrial (not risk/noxious) may limit residential use, but current use of 29 as traffic department not optimal, possibly good site for manufacturing/innovation hub linked to tertiary education, with student/social housing on 28 (along with adjacent privately-owned sites 42 – 45 and 41), Northlink fields could provide more public/shared use	City, GTP, Northlink and other tertiary education institutions, GreenCape, student and social housing developers	Within 10 years

Table 8.2: Key New Development Proposals for the Parow Study Area

Areas shown in light red in Figure 8.8 have high potential for redevelopment (to residential on upper floors, retail on ground floor, possibly commercial in between) due to existing higher density, deteriorated buildings in some cases, with extensive development rights (General Business (GB4) zoning) plus the existing UDZ tax incentive. The City and GTP should promote redevelopment in this zone by working with private property owners/entrepreneurs, TUHF (to provide funding and business support) and architects/urban designers (providing concept designs) to ensure that the opportunities are widely understood, possibly writing off any rates arrears in exchange for appropriate redevelopment. Small units such as those in 106 Adderley (but not only for students) could help to balance higher quality, feasibility and affordability. Temporary Relocation Areas (TRA's) may be required for existing residents (which are always fraught with difficulties), possibly through other developments in the area in which City is involved.

To support new developments, redevelopments and incremental densification, minimum parking requirements should be (if not removed entirely) at least reduced to 0.25 for social housing and 0 for second dwellings. This could be achieved by amending the PT2 zone parking requirements across the city and extending the PT2 zone (at least in Parow) to cover the full area within the 800m buffer (10-minute walk) around the station (see Figure 8.8) (from the current 400m buffer). Alternatively, an overlay zone could be created within this 800m station buffer (and possibly others in the VRC) to provide these parking reductions, along with other affordable housing incentives, such as density bonuses, reduced setbacks, second dwellings (or even third/fourth) by right (no need for consent) and rates rebates for property owners who develop affordable rental units (within basic health, safety and design guidelines set out by the City, which allow for small units). Use of an overlay zone would overcome the need to rezone properties individually, and these incentives could help counter-act gentrification by enabling property owners to generate additional income and minimise rates expenses even as property values

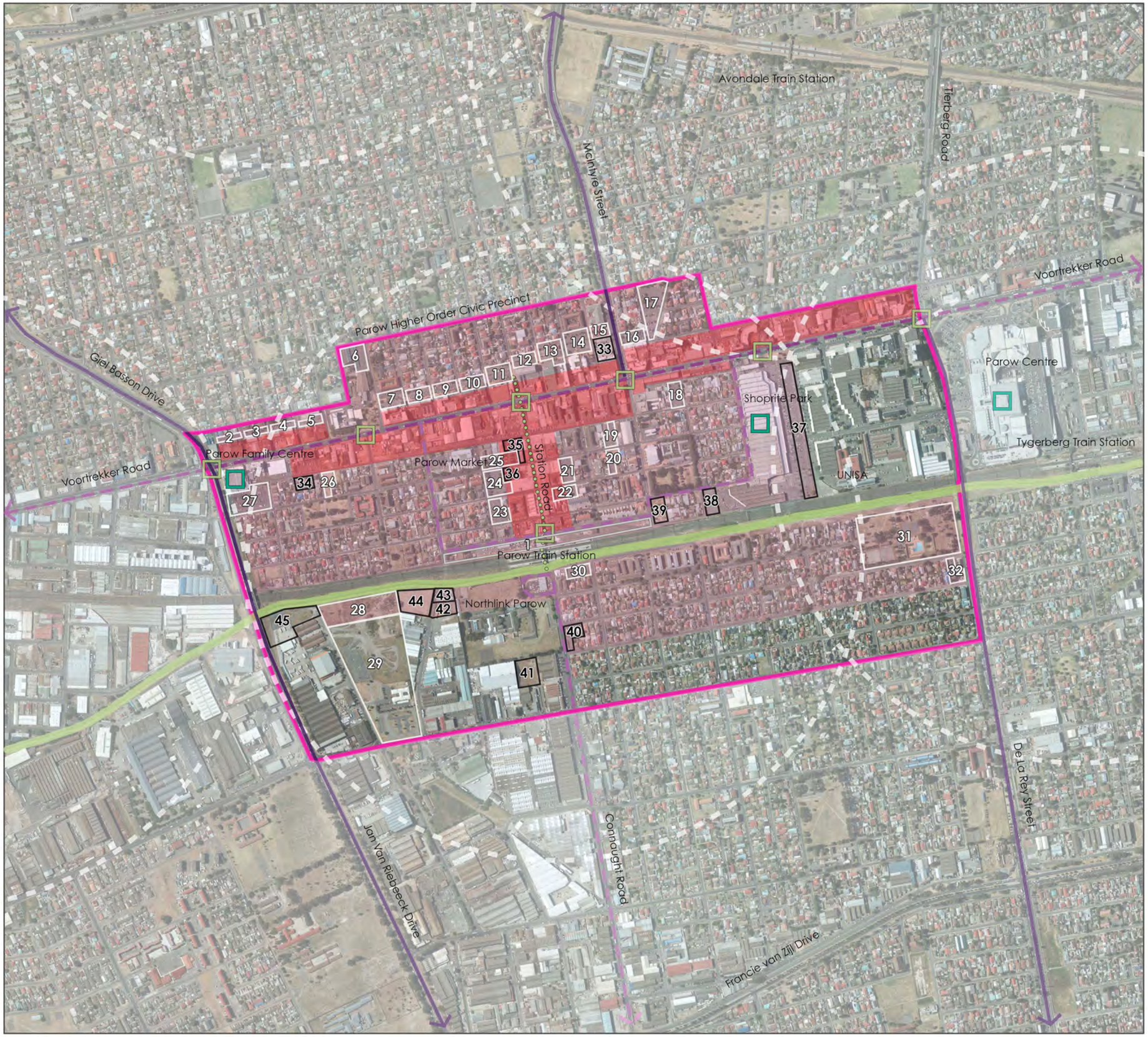
rise. This overlay zone could also allow for retail/commercial uses integrated with residential, as is being piloted in Johannesburg's Inclusive Mixed Use (IMU) overlay zones (see NASHO 2012).

At the city-level, an affordable housing task-team (with representatives from SPUD, housing, TCT, infrastructure, property management, political champions and others) should be set up to unlock land, fast-track planning approvals, provide guidance and reduced municipal fees (applications and DC's), as well as overcome silos in planning and funding (assembling government and non-government resources). This task team should ensure future infrastructure and social investments are focused in well-located areas such as the VRC, and should consider supplying extra funding support until social housing funding issues are sorted out nationally. Many of the precinct-level interventions discussed above could be rolled out at city level, including securing and packaging of public land for these uses, removal/reduction of parking minimums, and other affordable housing incentives. Importantly, these objectives and instruments must be widely publicised, along with citywide housing demand data and innovative supply-side case study research, to enable take-up, provide greater development certainty (less risk) and demonstrate that the City supports innovation in well-located affordable housing. This should all form part of a citywide housing programme which considers a suite of instruments, across all housing market segments (not only those targeted in the study area).

While the city is the most effective scale for planning and programming, and the precinct-scale is key to implementation, there are many important systemic issues which need to be addressed at national level, particularly in regard to the education crisis and the structure and funding of the current housing subsidy programmes. Many of the key, catalytic proposals for the study area rely on a functioning social housing sector, so it is critical that the issues currently afflicting social housing (outlined in Chapter 4) are urgently resolved. The City should play a key role in advocating for review and supporting NASHO in this regard. Related to this, a national policy and funding framework for urban regeneration is needed, which recognises the pivotal role of social housing as a key driver of integration, regeneration and TOD (and thus provides increasing levels of financial and institutional support for social housing). It is further recommended that the UDZ incentive, which is set to expire in 2020, is extended in line with this vision to allow the VRC to reap the benefits which the CBD has begun to see, perhaps offering preferential incentives for affordable housing, mixed income and mixed use, rather than commercial development.

8.4 Conclusion

Based on the preceding analyses of opportunities and constraints at the city and precinct levels, this chapter has set out planning and design principles for intervention to support TOD, urban regeneration and affordable housing in the study area. Key recommendations for public intervention are: firstly, to urgently position social and affordable housing as a catalyst for urban regeneration and TOD and align public investment with this strategy; secondly, to protect public land for affordable housing and other public benefit uses; and thirdly, to remove obstacles to private sector provision of affordable housing by both institutional and small-scale actors (for example, by reducing parking requirements and restrictive development parameters, making data available and fast-tracking approvals). The next, and final, chapter will draw out some overall conclusions.



LEGEND

- Parow Study Area

Movement and Public Space:

- Rehabilitated River/ Linear Park & Bicycle Path
- Development Routes (existing)
- Activity Route (Voortrekker Rd)
- Bus & Taxi Routes to Station
- Pedestrian-only Route (enhance existing pedestrian mall and informal trade facilities)
- Traffic Calming/ Pedestrian-safe Intersections
- Rooftop Activations/ Green Roofs
- State-owned Developable Land (Site 1): Station/ interchange upgrade & market

Developable Land for Medium-density Housing:

- City-owned Developable Land (Sites 2 - 32)
- Privately-owned Developable Land (Sites 33 - 45)

Affordable Housing Incentives:

- Proposed Social Housing Restructuring Zone (RZ)
- Redevelopment Promotion
- Affordable Housing Overlay Zones (800m train station buffers)

0 0.125 0.25 0.5 Kilometers

Figure 8.8: Map of Proposed Interventions in the Parow Study Area (Source: Author, Data: GIS, CCT)

Chapter 9: Conclusions

This dissertation has explored the current challenges in bringing well-located, affordable housing units to market in Cape Town; the opportunities for greater private sector participation; and the public interventions required in order to enable actors to overcome these challenges and capitalise on the opportunities. These issues were gradually refined from a global scale to a local area, beginning with a review of the relevant urban development and housing economics literature in order to form a theoretical framework, followed by an overview of the local housing market and national housing policy. Precedent, interviews and a workshop were then conducted with participants from the private and public sectors, NGOs and academia in order to explore the key challenges, opportunities and potential solutions in Cape Town. Finally, these challenges and opportunities were investigated and interventions proposed in a particular context, namely Parow train station precinct within the Voortrekker Road Corridor (VRC) in Cape Town.

Clearly there are systemic issues in terms of poor education, poverty, debt, access to housing finance, and exclusion from land markets. To make matters worse, there are major problems with the current national housing programmes, particularly social housing, FLISP, and the excessive building standards for (entry-level) subsidised houses, which hinder the delivery of higher-density, well-located units and squeeze out the private sector from providing innovative housing products. Rather than reactively applying further layers of subsidies, it is crucial to recognise that there are inefficiencies and opportunities within the market and the current regulatory framework which should first be addressed through regulatory and institutional measures (to avoid subsidising inefficiencies). While a comprehensive review of national housing policy and funding is required, the focus of this dissertation is on the many city-scale interventions which are possible within a short- to medium-term, which tackle these inefficiencies in order to leverage the power of the private sector towards the goal of well-located affordable housing.

The findings for Cape Town indicate that the greatest challenge for developers is the limited availability of well-located land at affordable prices. Compared to cities like Johannesburg, Cape Town also lacks depreciated, higher-density built stock which could be easily redeveloped. In addition, a key realisation is that development viability can be significantly impaired by seemingly small issues, such as excessive parking ratios and delays in the development process. A further challenge is posed by the lack of nuanced market information, particularly regarding demand. Fortunately, there are many opportunities, including a capable and facilitative municipality in Cape Town; emerging actors and growing private sector interest in affordable housing; the power of small-scale landlords and innovative design; a shift from ownership to rental; and potential synergy between affordable housing, transit-oriented development (TOD) and urban regeneration (provided policy and public spending are aligned).

The Parow Study Area was selected with the intention to generate findings that could be tested in other local areas, particularly train station precincts, within the VRC. It typifies many of the challenges experienced in well-located areas of Cape Town, for example, excessive parking requirements and minimal depreciated, higher-density, convertible buildings. A particular opportunity is that land prices

are lower than other well-located areas, such as the CBD, but there are bulk infrastructure constraints and an increasing crime problem. While large tracts of developable land are limited, there are significant parcels of City-owned land which could be put to much better use, provided they are appropriately packaged (consolidated, rezoned and made available to appropriate developers, either on long leases or in public-private partnership). In addition, there is significant potential for densification of single residential properties (mainly through small-scale landlords), provided restrictive development parameters are removed. The existence of the Greater Tygerberg Partnership, tasked with facilitating public and private partnership in the development and regeneration of the VRC, is an important enabler.

Key recommendations for public intervention, applicable both city-wide and to the Parow Study Area, are: firstly, to urgently develop programmatic (national and city scale) and area-based (precinct scale) strategies which position affordable housing (including social housing) as a catalyst for urban regeneration and TOD, and align public investment in order to incrementally densify appropriate areas; secondly, to protect and package public land for affordable housing and other public benefit uses; and thirdly, to remove obstacles to private sector provision of affordable housing by both institutional and small-scale actors (for example, by reducing parking requirements and restrictive development parameters (potentially through affordable housing overlay zones), making market data available and fast-tracking approvals). An essential institutional intervention is the creation of an inter-departmental 'affordable housing task-team' within the municipality to champion and facilitate such interventions.

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Annexure A: Approved Ethics Form

Application for Approval of Ethics in Research (EiR) Projects
Faculty of Engineering and the Built Environment, University of Cape Town

APPLICATION FORM

Please Note:
Any person planning to undertake research in the Faculty of Engineering and the Built Environment (EBE) at the University of Cape Town is required to complete this form **before** collecting or analysing data.The objective of submitting this application *prior* to embarking on research is to ensure that the highest ethical standards in research, conducted under the auspices of the EBE Faculty, are met. Please ensure that you have read, and understood the **EBE Ethics in Research Handbook**(available from the UCT EBE, Research Ethics website) prior to completing this application form: http://www.ebe.uct.ac.za/usr/ebe/research/ethics.pdf

APPLICANT'S DETAILS		
Name of principal researcher, student or external applicant		Kate Hogarth
Department		Architecture, Planning and Geomatics
Preferred email address of applicant:		Kate.hogarth@gmail.com
If a Student	Your Degree: e.g., MSc, PhD, etc.,	Masters in City and Regional Planning
	Name of Supervisor (if supervised):	Vanessa Watson
If this is a researchcontract, indicate the source of funding/sponsorship		N/A
Project Title		Leveraging the Private Sector to Enable the Delivery of Well-located Affordable Housing

I hereby undertake to carry out my research in such a way that:

- there is no apparent legal objection to the nature or the method of research; and
- the research will not compromise staff or students or the other responsibilities of the University;
- the stated objective will be achieved, and the findings will have a high degree of validity;
- limitations and alternative interpretations will be considered;
- the findings could be subject to peer review and publicly available; and
- I will comply with the conventions of copyright and avoid any practice that would constitute plagiarism.

SIGNED BY	Full name	Signature	Date
Principal Researcher/ Student/External applicant	Kate Hogarth		10/06/2015

APPLICATION APPROVED BY	Full name	Signature	Date
Supervisor (where applicable)	Vanessa Watson		11/6/2015
HOD (or delegated nominee) Final authority for all applicants who have answered NO to all questions in Section1; and for all Undergraduateresearch (Including Honours).			
Chair : Faculty EIR Committee For applicants other than undergraduate students who have answered YES to any of the above questions.	G.Sithole		21/07/15

Page **1** of **1**

Annexure B: List of Interviewees & Workshop Participants

NAME	ORGANISATION
INTERVIEWEES	
Malcolm McCarthy	NASHO
Pamela Lamoreaux	International Housing Solutions
Manie Annandale	Nedbank
Chris O'Connor	Greater Tygerberg Partnership
Kirsten Sloth-Nielsen	Greater Tygerberg Partnership
Marten Govender	SOHCO
Lance Del Monte	Metroplan PE/The Home Market
WORKSHOP PARTICIPANTS	
Marian Goodman	Presencing Institute
Kate Hogarth	University of Cape Town
Vanessa Watson	University of Cape Town
Robert McGaffin	University of Cape Town
Francois Viruly	University of Cape Town
Amy Thompson	University of Cape Town
Marika Strauss	University of Cape Town
Mrs Mary Burton	
Catherine Stone	City of Cape Town
Antony Marks	City of Cape Town
Claus Rabe	City of Cape Town
Kahmiela August	WC Gov Human Settlements
Liza Cirolia	African Centre for Cities
Illana Melzer	Eighty20
Jessica Robey	Eighty20
Helen Macgregor Rourke	Development Action Group
Claire du Trevou	Development Action Group
Lene Le Roux	Development Action Group
Zama Mgwatyu	Development Action Group
Willard Matiashe	Development Action Group
Malcolm McCarthy	NASHO
Marten Govender	SOHCO
Gavin Wiseman	Communicare
Wynand Ferreira	Cape Town Community Housing Co
Werner Jurgens	Cape Town Community Housing Co
Peter Jones	Cape Town Community Housing Co
Sarah Webb	TUHF
Jacques Labuschagne	TUHF
Anne Meiring	TUHF
Pamela Lamoreaux	International Housing Solutions
Jean-Pierre Nortier	Devmark
Manie Annandale	Nedbank
Lesley Lombard	Nedbank
Rob Kane	Central City Improvement District
Carola Koblitz	Central City Improvement District
Kirsten Sloth-Nielsen	Greater Tygerberg Partnership
Wisdom Ndlovu	AKME Development Agency

Annexure C: Interview Questions Guideline

Questions addressed to actors involved in the production of housing (government, academia, private sector- developers, bankers, housing associations, etc.)

1) General:

In order to save time and allow for interaction, these questions will primarily be asked in a focus group format, but may be supplemented by individual interviews with certain respondents.

1.1) What is quality, well-located, affordable housing? (unpack what each of these descriptors entails, what they mean practically/for design)
1.2) What are the biggest barriers/challenges to private developers in providing well-located, affordable housing? Are these specific to Cape Town?
1.3) Where do the greatest opportunities for private sector involvement exist?
1.4) Could the private sector be more involved in the provision of well-located, affordable housing? If so, which actors and in what role/institutional structure?
1.5) What public/planning interventions are required (or most effective) to enable this?
1.6) What could be the role of affordable housing in urban regeneration and Transit Oriented Development (TOD)?

2) Case-specific:

In addition to the questions in 1 above, if the respondent has knowledge of a particular example of private sector involvement in the provision of well-located, affordable housing, they would be asked to provide the following details (where available):

2.1) User (household income, household size, employment, age of household head)
2.2) Product (location, size/design, tenure, mix of uses/income)
2.3) Delivery (supplier, institutional structure, funding, public interventions, phasing)
2.4) Impact (households, local area, city)

Identity will only be revealed with the written consent of the respondent.

Annexure D: Workshop Programme

AFFORDABLE HOUSING WORKSHOP

"Leveraging the Private Sector to Enable the Delivery of Well-located Affordable Housing in Cape Town"

Friday 21 August 2015, 11h00 – 16h00
TB Davie Seminar Room, Postgraduate Centre, Upper Level, Otto Beit Building,
UCT Upper Campus, Cape Town

INTRODUCTION & PURPOSE

Affordable housing in Cape Town tends to be located far away from economic opportunities, social facilities and public transport infrastructure, which serves to reinforce inequality, burdening poor households and the city. In addition to perpetuating a fragmented and unsustainable urban form, current models of state housing provision are financially unsustainable and are failing to meet the scale, pace, quality and variety required. Given the extent of the need and the problems with state delivery, the affordable housing market represents a significant opportunity for private developers, investors, and financial institutions, while simultaneously addressing other imperatives in Cape Town, such as integration, urban regeneration and transit oriented development. Clearly, there is an urgent need to reframe the relationship between the public and private sectors in the provision of housing so that, together, improved delivery of well-located affordable housing can be achieved.

The purpose of this workshop is to bring together academia, private sector, NGO's and government to jointly interrogate:

1. *The current challenges in bringing well-located, affordable housing units to market in Cape Town.*
2. *The current opportunities for private sector participation.*
3. *The actions required by specific actors in order to overcome these challenges and capitalize on the opportunities.*

Thank you very much for your participation and contribution towards this research. I hope that the workshop is constructive for you, and that you make new connections or find new inspiration. To continue the conversation, or if you have any queries, please feel free to contact me.

Thank you,
Kate Hogarth

kate.hogarth@gmail.com
082 447 0078

Annexure D: Workshop Programme (Continued)

PROGRAMME OF EVENTS

10h30 – 11h00	*Registration, Tea and Coffee*
11h00 – 11h15	Welcome and Introduction: Kate Hogarth (Researcher)
11h15 – 11h25	Format and Desired Outcomes: Marian Goodman (Facilitator)
11h25 – 11h35	Reflection: Open up for comments and further questions to be addressed
11h35 – 11h50	Presentation 1: Antony Marks (City of Cape Town)
	Opportunities and Challenges for Affordable Housing in the Voortrekker Road Corridor
11h50 – 11h55	Reflection and Questions
11h55 – 12h10	Presentation 2: Malcolm McCarthy (National Assoc. of Social Housing Organisations)
	Social Housing Challenges and Opportunities for Urban Regeneration
12h10 – 12h15	Reflection and Questions
12h15 – 12h30	Presentation 3: Sarah Webb (TUHF: Inner City Property Development Finance)
	The TUHF Model, a Case Study and Cape Town Prospects
12h30 – 12h35	Reflection and Questions
12h35 – 13h05	*Lunch*
13h05 – 13h20	Presentation 4: Pamela Lamoreaux (International Housing Solutions)
	The IHS Model, Opportunities and Challenges in Cape Town
13h20 – 13h25	Reflection and Questions
13h25 – 13h40	Presentation 5: Nancy Odendaal (University of Cape Town)*
	Case Study: Lessons from The Cato Manor Development Project
	(*Due to a personal emergency, Nancy Odendaal was unable to attend at the last minute, so Robert McGaffin from the University of Cape Town gave a brief presentation on Housing Economics)
13h40 – 13h45	Reflection and Questions
13h45 – 14h15	World Café Session 1 (Discussion Groups): Opportunities and challenges in Cape Town
14h15 – 14h30	*Tea Break*
14h30 – 15h00	World Café Session 2 (Discussion Groups): Actions required by specific actors
15h00 – 16h00	Feedback from each World Café Table Host and Open Discussion and Questions
16h00	*Closing and Thanks, Wine and Snacks, Networking*

Annexure E: Minimum Off-street Parking Requirements

Extract from the City of Cape Town Municipal Planning By-law 2015, Province of the Western Cape: Provincial Gazette Extraordinary 7414, 29 June 2015, pages 144 and 145:

Minimum off-street parking requirements

Land use	Standard areas	PT1 areas	PT2 areas
Main dwelling house (SR1 Zoning)	2 bays per dwelling unit (1 bay per dwelling for erven < 350 m^2)	1 bay per dwelling unit	Nil
Main dwelling house (SR2 Zoning)	1 bay per dwelling unit (Nil per dwelling for erven < 100 m^2)	Nil	Nil
Second dwelling	1 bay per 2nd dwelling unit	1 bay per 2nd dwelling unit	1 bay per 2nd dwelling unit
Group dwelling	1,75 bays per dwelling unit, plus 0,25 bays per dwelling unit for visitors	1 bay per dwelling unit, plus 0,25 bays per dwelling unit for visitors	0,75 bays per dwelling unit, plus 0,25 bays per dwelling unit for visitors
Flats	1,75 bays per dwelling unit, plus 0,25 bays per dwelling unit for visitors	1 bay per dwelling unit, plus 0,25 bays per dwelling unit for visitors	0,75 bays per dwelling unit, plus 0,25 bays per dwelling unit for visitors
Bed & breakfast establishment	1 additional bay per guest room	1 additional bay per guest room	Nil
Boarding house, guest house	1,25 bays per bedroom	0,75 bays per bedroom	0,5 bays per bedroom
Backpackers lodge	1 bay per 6 beds	1 bay per 8 beds	1 bay per 10 beds
Hotel	0,75 bays per bedroom, plus 20 bays if licensed	0,75 bays per bedroom, plus 20 bays if licensed	0,5 bays per bedroom, plus 10 bays if licensed
Retirement home, orphanage	0,5 bays per bedroom	0,3 bays per bedroom	0,2 bays per bedroom
Crèche	1 bay per 10 children, plus stop & drop facility	1 bay per 10 children	1 bay per 30 children
School	1 bay per classroom and office, plus stop & drop facility	1 bay per classroom and office, plus stop & drop facility	1 bay per classroom, plus stop & drop facility
Place of instruction (post-school level)	0,4 bays per student, plus 1 bay per classroom and office	0,4 bays per student, plus 1 bay per classroom and office	1 bay per classroom and office
Library, museum	2 bays per 100 m² GLA	1,5 bays per 100 m² GLA	1 bay per 100 m² GLA
Place of assembly, place of worship, place of entertainment, funeral parlour	1 bay per 6 seats or persons, calculated at 1,4 m² floor space = 1 person	1 bay per 8 seats or persons, calculated at 1,4 m² floor space = 1 person	1 bay per 10 seats or persons, calculated at 1,4 m² floor space = 1 person
Sport stadium	1 bay per 4 seats or persons (or as per transport management plan)	3 bays per 20 seats or persons (or as per transport management plan)	3 bays per 40 seats or persons (or as per transport management plan)
Recreation or sports complex	1 bay per 8 seats or persons	1 bay per 10 seats or persons	1 bay per 15 seats or persons
Gymnasium, health club	10 bays per 100 m² GLA	8 bays per 100 m² GLA	6 bays per 100 m² GLA
Hospital (general and private)	1 bay per bed, plus 3 bays per consulting room	1 bay per bed, plus 2 bays per consulting room	1 bay per bed
Clinic, medical consulting rooms	4 bays per consulting room	3 bays per consulting room	2 bays per consulting room

Continued on next page.

Annexure E: Minimum Off-street Parking Requirements (Continued)

Land use	Standard areas	PT1 areas	PT2 areas
Shops (excluding supermarket)	4 bays per 100 m² GLA	2 bays per 100 m² GLA	1 bay per 100 m² GLA
Supermarket, shopping centre	6 bays per 100 m² GLA	4 bays per 100 m² GLA	2 bays per 100 m² GLA
Restaurant	2 bays per 25 m² GLA	1 bay per 25 m² GLA	1 bay per 25 m² GLA
Offices	4 bays per 100 m² GLA	2,5 bays per 100 m² GLA	1 bay per 100 m² GLA
Conference centre	6 bays per 10 seats	4 bays per 10 seats	2 bays per 10 seats
Motor showroom	3 bays per 100 m² GLA	3 bays per 100 m² GLA	3 bays per 100 m² GLA
Motor repair garage, service station	4 bays per service bay, plus 4 bays per 100 m² GLA, minimum 8 bays	4 bays per service bay, plus 4 bays per 100 m² GLA, minimum 8 bays	4 bays per service bay
Motor fitment centre	2 bays per service bay	2 bays per service bay	1 bay per service bay
Industry	2 bays per 100 m² GLA	1,5 bays per 100 m² GLA	1 bay per 100 m² GLA
Warehouse, storage building	1 bay per 100 m² GLA	1 bay per 100 m² GLA	1 bay per 100 m² GLA

Annexure F: Signed Consent Forms

SCHOOL OF ARCHITECTURE, PLANNING AND GEOMATICS
University of Cape Town
Private Bag x3, Rondebosch 7701
Centlivres Building
Email: Janine.Meyer@uct.ac.za Tel: 27 21 6502359

UNIVERSITY OF CAPE TOWN

JUNE 2015

STATEMENT TO BE READ OUT TO AN INTERVIEWEE BY A STUDENT ABOUT TO UNDERTAKE AN INTERVIEW FOR THE PURPOSES OF A MASTERS DISSERTATION, AS A REQUEST FOR PERMISSION FOR THE NAME AND/OR IDENTITY OF THE INTERVIEWEE TO BE REVEALED IN THE DISSERTATION

MY NAME IS KATE HOGARTH AND I AM STUDYING CITY AND REGIONAL PLANNING AT THE UNIVERSITY OF CAPE TOWN.

I AM DOING RESEARCH ON AFFORDABLE HOUSING AS PART OF MY MASTERS DISSERTATION AND I WOULD LIKE TO ASK YOU SOME QUESTIONS TO HELP ME WITH MY RESEARCH.

I WOULD LIKE TO USE YOUR NAME, DESIGNATION AND POSSIBLY DIRECT QUOTES IN MY DISSERTATION AS A SOURCE OF INFORMATION. PLEASE INDICATE YES OR NO BELOW TO GIVE OR WITHOLD YOUR PERMISSION FOR ME TO DO THIS.

YES I GIVE PERMISSION FOR YOU TO USE MY NAME / DESIGNATION / WORDS IN YOUR DISSERTATION ☑

NO I DO NOT GIVE PERMISSION FOR YOU TO USE MY NAME / DESIGNATION /WORDS IN YOUR DISSERTATION ☐

IF YOU WANT TO END THE INTERVIEW AT ANY POINT YOU ARE FREE TO DO SO. A COPY OF THIS FORM CAN BE GIVEN TO YOU UPON REQUEST.

MY SUPERVISOR IS VANESSA WATSON AND HER CONTACT DETAILS ARE: VANESSA.WATSON@UCT.AC.ZA

Signed by candidate

SIGNATURE OF INTERVIEWEE

NAME: WANCE DEL MONT
DESIGNATION: DIRECTOR – METROPLAN
DATE: 18/8/2015

SIGNATURE OF STUDENT

NAME: KATE HOGARTH
STUDENT NUMBER: HGRKAT001
DATE: 18/08/2015

SCHOOL OF ARCHITECTURE, PLANNING AND GEOMATICS
University of Cape Town
Private Bag x3, Rondebosch 7701
Centlivres Building
Email: Janine.Meyer@uct.ac.za Tel: 27 21 6502359

UNIVERSITY OF CAPE TOWN

JUNE 2015

STATEMENT TO BE READ OUT TO AN INTERVIEWEE BY A STUDENT ABOUT TO UNDERTAKE AN INTERVIEW FOR THE PURPOSES OF A MASTERS DISSERTATION, AS A REQUEST FOR PERMISSION FOR THE NAME AND/OR IDENTITY OF THE INTERVIEWEE TO BE REVEALED IN THE DISSERTATION

MY NAME IS KATE HOGARTH AND I AM STUDYING CITY AND REGIONAL PLANNING AT THE UNIVERSITY OF CAPE TOWN.

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Signed by candidate

SIGNATURE OF INTERVIEWEE

NAME: MANIE ANNANDALE
DESIGNATION: NEDBANK-AFFORDABLE HOUSING
DATE: 21/08/2015

SIGNATURE OF STUDENT

NAME: KATE HOGARTH
STUDENT NUMBER: HGRKAT001
DATE: 21/08/2015

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Signed by candidate

SIGNATURE OF INTERVIEWEE

NAME: FRANCois VIRULY
DESIGNATION: UCT
DATE: 21/08/2015

SIGNATURE OF STUDENT

NAME: KATE HOGARTH
STUDENT NUMBER: HGRKAT001
DATE: 21/08/2015

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YES I GIVE PERMISSION FOR YOU TO USE MY NAME / DESIGNATION / WORDS IN YOUR DISSERTATION [X]

NO I DO NOT GIVE PERMISSION FOR YOU TO USE MY NAME / DESIGNATION /WORDS IN YOUR DISSERTATION [ ]

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MY SUPERVISOR IS VANESSA WATSON AND HER CONTACT DETAILS ARE: VANESSA.WATSON@UCT.AC.ZA

SIGNATURE OF INTERVIEWEE

NAME: MARIKA STRAUSS
DESIGNATION: UCT STUDENT
DATE: 21/08/2015

SIGNATURE OF STUDENT

NAME: KATE HOGARTH
STUDENT NUMBER: HGRKAT001
DATE: 21/08/2015

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SIGNATURE OF INTERVIEWEE

NAME: JACQUES LABUSCHAGNE
DESIGNATION: TUHF
DATE: 21/08/2015

SIGNATURE OF STUDENT

NAME: KATE HOGARTH
STUDENT NUMBER: HGRKAT001
DATE: 21/08/2015

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SIGNATURE OF INTERVIEWEE

NAME: S.V. WEBB
DESIGNATION: MORTGAGE MANAGER (TUHF)
DATE: 21/8/2015

SIGNATURE OF STUDENT

NAME: ~~HGR~~KATE HOGARTH
STUDENT NUMBER: HGRKATOO1
DATE: 21/08/2015

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SIGNATURE OF INTERVIEWEE

NAME: GAVIN WISEMAN
DESIGNATION: DEVELOPMENT MANAGER (COMMUNICARE)
DATE: 21/08/15

SIGNATURE OF STUDENT

NAME: KATE HOGARTH
STUDENT NUMBER: HGRKAT001
DATE: 21/08/2015

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SIGNATURE OF INTERVIEWEE

NAME: Carola Koblitz
DESIGNATION: Communications Manager Cape Town Central City Improvement District
DATE: 21 August 2015

SIGNATURE OF STUDENT

NAME: KATE HOGARTH
STUDENT NUMBER: HGRKAT001
DATE: 21/08/2015

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SIGNATURE OF INTERVIEWEE

NAME: Pamela Lamoreux
DESIGNATION: Investor Relator. (IHS)
DATE: 21/8/15

SIGNATURE OF STUDENT

NAME: KATE HOGARTH
STUDENT NUMBER: HGRKAT001
DATE: 21/08/2015

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SIGNATURE OF INTERVIEWEE

NAME: WERNER JURGENS
DESIGNATION: ACTING COO (CTCHC)
DATE: 21/8/15

SIGNATURE OF STUDENT

NAME: KATE HOGARTH
STUDENT NUMBER: HGRKAT001
DATE: 21/08/15

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MY SUPERVISOR IS VANESSA WATSON AND HER CONTACT DETAILS ARE: VANESSA.WATSON@UCT.AC.ZA

SIGNATURE OF INTERVIEWEE

NAME: P. JONES
DESIGNATION: Project Manager (CTCHC)
DATE: 21/08/15

SIGNATURE OF STUDENT

NAME: KATE HOGARTH
STUDENT NUMBER: HGRKAT001
DATE: 21/08/15

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MY SUPERVISOR IS VANESSA WATSON AND HER CONTACT DETAILS ARE: VANESSA.WATSON@UCT.AC.ZA

SIGNATURE OF INTERVIEWEE

NAME: CLAUS RABE
DESIGNATION: PLANNER (City of Cape Town)
DATE: 21/8/15.

SIGNATURE OF STUDENT

NAME: KATE HOGARTH
STUDENT NUMBER: HGRKAT001
DATE: 21/08/15

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SIGNATURE OF INTERVIEWEE

NAME: A.B. Mashi
DESIGNATION: PPO (City of Cape Town)
DATE: 21/8/2015

SIGNATURE OF STUDENT

NAME: KATE HOGARTH
STUDENT NUMBER: HGRKAT001
DATE: 21/08/2015

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SIGNATURE OF INTERVIEWEE

NAME: ILIANA MELTZER
DESIGNATION: EIGHTY20
DATE: 21/08/2015

SIGNATURE OF STUDENT

NAME: KATE HOGARTH
STUDENT NUMBER: HGRKAT001
DATE: 21/08/2015

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SIGNATURE OF INTERVIEWEE

NAME: W. FERREIRA
DESIGNATION: CTCITC
DATE: 21/08/2015

SIGNATURE OF STUDENT

NAME: KATE HOGARTH
STUDENT NUMBER: HGRKAT001
DATE: 21/08/2015

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NO I DO NOT GIVE PERMISSION FOR YOU TO USE MY NAME / DESIGNATION /WORDS IN YOUR DISSERTATION ☐

IF YOU WANT TO END THE INTERVIEW AT ANY POINT YOU ARE FREE TO DO SO. A COPY OF THIS FORM CAN BE GIVEN TO YOU UPON REQUEST.

MY SUPERVISOR IS VANESSA WATSON AND HER CONTACT DETAILS ARE: VANESSA.WATSON@UCT.AC.ZA

SIGNATURE OF INTERVIEWEE

NAME: AMY THOMPSON
DESIGNATION: UCT/PRIVATE
DATE: 21/08/2015

SIGNATURE OF STUDENT

NAME: KATE HOGARTH
STUDENT NUMBER: HGRKAT001
DATE: 21/08/2015

SCHOOL OF ARCHITECTURE, PLANNING AND GEOMATICS
University of Cape Town
Private Bag x3, Rondebosch 7701
Centlivres Building
Email: Janine.Meyer@uct.ac.za Tel: 27 21 6502359

UNIVERSITY OF CAPE TOWN

JUNE 2015

STATEMENT TO BE READ OUT TO AN INTERVIEWEE BY A STUDENT ABOUT TO UNDERTAKE AN INTERVIEW FOR THE PURPOSES OF A MASTERS DISSERTATION, AS A REQUEST FOR PERMISSION FOR THE NAME AND/OR IDENTITY OF THE INTERVIEWEE TO BE REVEALED IN THE DISSERTATION

MY NAME IS KATE HOGARTH AND I AM STUDYING CITY AND REGIONAL PLANNING AT THE UNIVERSITY OF CAPE TOWN.

I AM DOING RESEARCH ON AFFORDABLE HOUSING AS PART OF MY MASTERS DISSERTATION AND I WOULD LIKE TO ASK YOU SOME QUESTIONS TO HELP ME WITH MY RESEARCH.

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SIGNATURE OF INTERVIEWEE

NAME: R. MCCAFFIN
DESIGNATION: LECTURER (UCT)
DATE: 21/8/2015

SIGNATURE OF STUDENT

NAME: KATE HOGARTH
STUDENT NUMBER: HGRKAT001
DATE: 21/08/2015

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SIGNATURE OF INTERVIEWEE

NAME: ANNE MERING
DESIGNATION: TUHF
DATE: 21/08/2015.

SIGNATURE OF STUDENT

NAME: KATE HOGARTH
STUDENT NUMBER: HGRKAT001
DATE: 21/08/15

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SIGNATURE OF INTERVIEWEE

NAME: MALCOLM MCCARTHY
DESIGNATION: NASHO
DATE: 21/08/2015

SIGNATURE OF STUDENT

NAME: KATE HOGARTH
STUDENT NUMBER: HGRKAT001
DATE: 21/08/2015

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SIGNATURE OF INTERVIEWEE

NAME: VANESSA WATSON
DESIGNATION: UCT-SUPERVISOR
DATE: 21/08/2015

SIGNATURE OF STUDENT

NAME: KATE HOGARTH
STUDENT NUMBER: HGRKAT001
DATE: 21/08/2015

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YES I GIVE PERMISSION FOR YOU TO USE MY NAME / DESIGNATION / WORDS IN YOUR DISSERTATION [X]

NO I DO NOT GIVE PERMISSION FOR YOU TO USE MY NAME / DESIGNATION /WORDS IN YOUR DISSERTATION [ ]

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SIGNATURE OF INTERVIEWEE

NAME: CLAIRE DU TREVOU
DESIGNATION: DAG
DATE: 21-08-2015

SIGNATURE OF STUDENT

NAME: KATE HOGARTH
STUDENT NUMBER: HGRKAT001
DATE: 21/08/15

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SIGNATURE OF INTERVIEWEE

NAME: Rob Kane
DESIGNATION: CCRD Chairman
DATE: 21/08/2015

SIGNATURE OF STUDENT

NAME: KATE HOGARTH
STUDENT NUMBER: HGRKAT001
DATE: 21/08/2015

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SIGNATURE OF INTERVIEWEE

NAME: Lené Le Roux
DESIGNATION: Urban Planner (DAG)
DATE: 21 Aug 2015

SIGNATURE OF STUDENT

NAME: KATE HOGARTH
STUDENT NUMBER: HGRKAT001
DATE: 21/08/2015

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SIGNATURE OF INTERVIEWEE

NAME: Liza Cirolie
DESIGNATION: ACC
DATE: 21/08/15

SIGNATURE OF STUDENT

NAME: KATE HOGARTH
STUDENT NUMBER: HGRKAT001
DATE: 21/08/15

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MY SUPERVISOR IS VANESSA WATSON AND HER CONTACT DETAILS ARE: VANESSA.WATSON@UCT.AC.ZA

SIGNATURE OF INTERVIEWEE

NAME: ZAMA
DESIGNATION: DAG
DATE: 21/08/15

SIGNATURE OF STUDENT

NAME: KATE HOGARTH
STUDENT NUMBER: HGRKAT001
DATE: 21/08/15

SCHOOL OF ARCHITECTURE, PLANNING AND GEOMATICS
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SIGNATURE OF INTERVIEWEE

NAME: Marten Grivenus
DESIGNATION: Engineer (SOHCO)
DATE: 21/08/15

SIGNATURE OF STUDENT

NAME: KATE HOGARTH
STUDENT NUMBER: HGRKAT001
DATE: 21/08/15

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SIGNATURE OF INTERVIEWEE

NAME: WISDOM NDLOVU
DESIGNATION: AKME DEV AGENCY
DATE: 21/08/2015

SIGNATURE OF STUDENT

NAME: KATE HOGARTH
STUDENT NUMBER: HGRKAT001
DATE: 21/08/15

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SIGNATURE OF INTERVIEWEE

NAME: HELEN MACGREGOR BOURKE
DESIGNATION: DAG
DATE: 21 AUGUST 2015

SIGNATURE OF STUDENT

NAME: KATE HOGARTH
STUDENT NUMBER: HGRKAT001
DATE: 21/08/2015

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SIGNATURE OF INTERVIEWEE

NAME: WILLARD MATHISE
DESIGNATION: DAC
DATE: 21-08-15

SIGNATURE OF STUDENT

NAME: KATE HOGARTH
STUDENT NUMBER: HGRKAT001
DATE: 21/08/2015

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SIGNATURE OF INTERVIEWEE

NAME: JEAN-PIERRE NORTIER
DESIGNATION: DEGUMAR
DATE: 2015/08/21

SIGNATURE OF STUDENT

NAME: KATE HOGARTH
STUDENT NUMBER: HGRKAT001
DATE: 21/08/2015

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NO I DO NOT GIVE PERMISSION FOR YOU TO USE MY NAME / DESIGNATION /WORDS IN YOUR DISSERTATION [ ]

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MY SUPERVISOR IS VANESSA WATSON AND HER CONTACT DETAILS ARE: VANESSA.WATSON@UCT.AC.ZA

SIGNATURE OF INTERVIEWEE

NAME: Chris O'Connor
DESIGNATION: CEO, GTP
DATE: 2/9/2015

SIGNATURE OF STUDENT

NAME: KATE HOGARTH
STUDENT NUMBER: HGRKAT001
DATE: 02/09/2015

SCHOOL OF ARCHITECTURE, PLANNING AND GEOMATICS
University of Cape Town
Private Bag x3, Rondebosch 7701
Centlivres Building
Email: Janine.Meyer@uct.ac.za Tel: 27 21 6502359

UNIVERSITY OF CAPE TOWN

JUNE 2015

STATEMENT TO BE READ OUT TO AN INTERVIEWEE BY A STUDENT ABOUT TO UNDERTAKE AN INTERVIEW FOR THE PURPOSES OF A MASTERS DISSERTATION, AS A REQUEST FOR PERMISSION FOR THE NAME AND/OR IDENTITY OF THE INTERVIEWEE TO BE REVEALED IN THE DISSERTATION

MY NAME IS KATE HOGARTH AND I AM STUDYING CITY AND REGIONAL PLANNING AT THE UNIVERSITY OF CAPE TOWN.

I AM DOING RESEARCH ON AFFORDABLE HOUSING AS PART OF MY MASTERS DISSERTATION AND I WOULD LIKE TO ASK YOU SOME QUESTIONS TO HELP ME WITH MY RESEARCH.

I WOULD LIKE TO USE YOUR NAME, DESIGNATION AND POSSIBLY DIRECT QUOTES IN MY DISSERTATION AS A SOURCE OF INFORMATION. PLEASE INDICATE YES OR NO BELOW TO GIVE OR WITHOLD YOUR PERMISSION FOR ME TO DO THIS.

YES I GIVE PERMISSION FOR YOU TO USE MY NAME / DESIGNATION / WORDS IN YOUR DISSERTATION [X]

NO I DO NOT GIVE PERMISSION FOR YOU TO USE MY NAME / DESIGNATION /WORDS IN YOUR DISSERTATION [ ]

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SIGNATURE OF INTERVIEWEE

NAME:
DESIGNATION:
DATE:

SIGNATURE OF STUDENT

NAME:
STUDENT NUMBER:
DATE: